Daily Report

East Europe

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East Europe

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Izetbegovic, Silajdzic Receive EU Officials

LD1608210695 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2000 GMT 16 Aug 95

[FBIS Translated Text] Alija Izetbegovic, president of the Bosnia-Herzegovina Presidency, today received EU representatives Javier Solana, Spanish foreign minister and chairman of the European Council, and Hans van den Broek, EU commissioner for foreign affairs, with aides. The talks were also attended by Foreign Minister Muhamed Sacirbegovic.

The talks focused on the latest peace initiatives by the United States and its European partners aimed at finding a solution to the Bosnia-Herzegovina crisis [words indistinct].

Prime Minister Silajdzic also received the high-ranking EU delegation. The talks are in progress, and Prime Minister Silajdzic and his guests are discussing the current peace initiatives.

Solana Describes Sarajevo Visit

BR1708121695 Madrid EL MUNDO in Spanish 17 Aug 95 pp 1, 11

[Article by Julio Parrado: "Solana Shot at by Kalashnikovs Upon Entering Sarajevo in Armored Vehicle"]

[FBIS Translated Excerpt] Medjugorie (Bosnia)—Javier Solana had the reception he was least hoping for yesterday in Sarajevo. The armored vehicle in which the Spanish foreign minister was traveling was hit by at least three bursts of gunfire when it entered the besieged capital of Bosnia.

Solana, who is currently president of the Council of Ministers of the European Union, explained that, when his vehicle left the UN airport in central Sarajevo, it was hit by "three or four impacts," apparently from Kalashnikov rifles. Everyone was "a bit frightened" the minister said, after showing the hole that one of the bullets left. [passage omitted]

With his visit to Sarajevo, Solana wanted to explain to Bosnian Muslim President Alia Izetbegovic the peace plan prepared by the European Union.

The Spanish foreign minister had met in the morning in Zagreb with Croat President Franjo Tudjman to discuss the details of the plan.

The trip by the head of Spain's and the EU's diplomacy coincided with the trip by Richard Holbrooke, the envoy sent by the President of the United States, the country actually providing the impetus for the latest diplomatic initiative for the conflict in Bosnia-Herzegovina.

The adviser to the U.S. secretary of state also met several hours later with President Tudjman himself to try to bring positions closer together on the U.S. plan.

To add more confusion to the diplomatic imbroglio, Solana stressed yesterday that the EU's offer to the belligerents "does not necessarily coincide with that made by the United States."

Talks

"I am not going to be the spokesman for the United States," Solana said. This is a way of distancing oneself from Washington's plan to divide Bosnia into two republics, one Muslim-Croat and the other Serb, something that grates in the ears of Western foreign ministries. Despite everything, Solana stressed that, in his meeting with Tudjman held first thing yesterday morning in Zagreb, he agreed with him—although it was not said—that a "strong" federation should be formed of Croats and Muslims, which in fact stresses the need for a partitioning of the former Yugoslavia.

Before leaving for Sarajevo, in a brief stopover at the port of Split, Solana could not express in concrete terms exactly what the EU offer consisted of.

Comprehensive Offer

The minister once again called the offer "comprehensive." The only thing Solana could advance was the possiblity of holding a high-level meeting by the end of the month, when the current diplomatic contacts have matured. This meeting could be the much vaunted five plus three summit (United States, Germany, Russia, Great Britain, and France, plus Croatia, Serbia, and Bosnia). [passage omitted]

Solana's visit did lead to Croatia's committing itself not to forcefully recapture or reconquer Western Slavonia, a move that threatens to throw the entire map of the Balkans into turmoil. "Tudjman has committed himself to seeking a way out via dialogue," the Spanish foreign minister said.

Speculation on Contents of U.S. Peace Initative

AU1708085095 Belgrade TELEGRAF in Serbo-Croatian 16 Aug 95 p 4

[Article by Goran Rosic and Lidija Soldo: "Serbs Are Given Access to Sea in Konavle and Orasje, Corridor Is Widened by 20 Km, and Croats Are Given Trebinje"]

[FBIS Translated Text] The new U.S. plan for Bosnia actually represents the final map of Bosnia's division into the Croatian-Muslim Federation and the Serb Republic, so that, according to the plan, the Serbian side will get a little more than the current 49 percent

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envisaged by the Contact Group plan as well as access to the sea.

According to our sources, the Americans envisaged securing Dubrovnik's hinterland (which the Croats have desired for a long time) so that Trebinje would go to the Bosnian Croats, while, on the other hand, they would placate the Serbian side by giving it access to the sea in Konavle. The Serbian coast, our informed sources from the diplomatic circles specify, would be about 18 km long and would consist of a strip along the sea stretching from the Montenegrin border to Cilipi. Cilipi airport itself would remain in Croatia.

It is interesting that, several days after the media reported about the existence of the new U.S. plan for Bosnia, the Croats have launched attacks on Trebinje, while [Trebinje Mayor] Vucurovic's army responded by shelling the Dubrovnik district.

According to the new U.S. map, our sources claim, the Serbs will keep the corridor in the north, which will be widened by 20 km toward the center of Bosnia, while Orasje, a little town on the corridor, which has been without civilians for a long time and is controlled by the Croatian Defense Council, will also become a part of the Serb Republic.

The U.S. plan earmarks the only remaining Muslim enclave in eastern Bosnia—Gorazde—for exchange for the Serbian parts of Sarajevo. Most probably, our sources estimate, this will be the territory from Ilidza to Ilijas, which would give the Muslims an exit route from Sarajevo toward their territories in central Bosnia.

The president of the Serb Republic, Dr. Radovan Karadzic, has seen the U.S. map and is rather satisfied. The map most likely reached Karadzic via Belgrade. As opposed to Karadzic, Alija Izetbegovic [president of the Bosnia-Herzegovina Presidency] is dissatisfied with the new U.S. plan.

As our sources say, however, all three sides are aware that borders are drawn by army boots on the ground and that this fact is taken into consideration when correcting maps or exchanging territories. Because of this, they say, Izetbegovic's army has now launched an offensive on Srbobran (the former Donji Vakuf), a town controlled by the Serbs, in order cut the access of the Croatian army to central Bosnia, without whose assistance the places in the region controlled by the Bosnian Croats—Vitez, Busovaca, the territory around Kresevo—will not be able to defend themselves in the face of the Muslims' onslaught.

The true goal of Izetbegovic's recent visit to Tudjman, our sources reveal, was to convey to him the message of the Islamic world that Croatia must not divide Bosnia into two (the Serbian and the Croatian parts), pursuant to the plan that the Croatian president had drawn on a napkin in London in May, or the Islamic countries would cut all ties to Croatia.

Akashi Defends UN Actions in Yugoslavia

MS1708090595 London THE EUROPEAN in English 17-23 Aug 95 p 9

[Report on interview with Yasushi Akashi, UN special envoy for former Yugoslavia, by Ian Mather; date not given]

[FBIS Transcribed Text] Zagreb—No one could possibly be less punchable than Yasushi Akashi. He is so diminutive that there is hardly anything to hit. Yet this frail-looking courteous, mild-mannered, immaculately suited 64-year-old Japanese seems to bring out the aggression in people.

At least one member of the Bosnian government has publicly wished him dead because of his reluctance to call in air strikes, and there have been times when some western leaders have felt like shaking him by the scruff of the neck.

Akashi, special representative of the United Nations secretary-general for former Yugoslavia—SRSG for short—takes it all on the chin, so to speak.

Asked whether he is hurt by the criticism he replies that perhaps the UN, whose presence he personifies here, has a therapeutic role.

"I have to be stoical, and half-jokingly I consider that the UN fulfils the same role as a punchbag," he said. "All parties may hit this bag, and if their frustration is alleviated by doing so then a useful function is served."

These are terrible times for the UN, and there is much to criticise. The humiliation of UN peacekeepers when the Bosnian Serbs took hundreds of them hostage was followed by the fall of the UN "safe areas" of Gorazde and Zepa. Now one of the biggest exoduses of the war has followed the Croatian blitzkrieg into Krajina during which UN peacekeepers were swept aside.

Akashi believes that the UN is being wrongly blamed. "The UN is a scapegoat in the failure to resolve the conflict," he said in an exclusive interview with THE EUROPEAN. "But a large part of the responsibility for what has gone wrong has to be placed at the door of certain key governments, as well of the warring parties themselves.

"It is easy to criticise the UN for what it has not done. But you must ask yourself whether the UN was

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equipped constitutionally, and in terms of capability, to do these things.

"A malicious focusing on the UN obscures the fact that it is the war with its underlying complex causes that is the real problem, not the UN. The challenge is to overcome the seemingly endless desire of the parties to pursue maximalist goals without joining in a serious effort to find common ground."

So why does the UN remain? "I think the UN's human rights responsibility should continue," Akashi replied. "When I met the Krajina Serb leadership, instead of accusing us of failing to prevent the Croatian invasion they expressed deep appreciation of what the UN is trying to do to alleviate the sufferings of their people."

He denied that the UN could have done more to prevent the mass exodus of the Krajina Serbs. "They started to flee on the second and third days, and on the fifth day their leaders fled from Knin. So it was impossible for the rest of the Serbs not to flee. They were swept by tremendous fear."

He then produced a paper signed by himself and the Croatian leadership two days after the fall of Krajina in which the Croatian government said it "encourages all those previous inhabitants of the Republic of Croatia who so wish to remain peacefully in the areas over which Croatian authority is exercised".

He added: "I appreciate the Croatian government's desire to keep as many Serbs as possible in Krajina." But surely he did not believe that the Croatian government's expression of willingness to take back Krajina Serbs was genuine?

"They have professed a desire. It's a privilege of journalists to go inside the minds of leaders. I do not. I have to believe what they agree with us, and have to test their commitment by their behaviour."

His sharpest response came when I put it to him that in believing the promises of the warring factions, he was too easily taken in.

"I don't accept what you say," he replied, his urbanity slipping for once. "I am no more gullible than any others. But we have to try all means of persuasion."

He has also been accused of dithering in authorising air strikes. Following a recent decision by UN secretary-general, Butrus Butrus-Ghali, Akashi's signature will no longer be needed before NATO planes take to the skies over former Yugoslavia.

"There is a misconception that I vetoed the recommendations of our military for the use of air power," Akashi said, producing a list of air strikes he had ordered.

Headed "SRSG Approval of Employment of Air Power," it listed 11 approvals since March 1994.

"You can see that I have responded positively and quickly to requests for the use of air power and have depended very much on the advice given by force commanders. In almost all cases we acted together."

Nevertheless, it was clear that Akashi was relieved to be rid of the burden. "I am very happy that the awesome task of the use of air power is not to be my immediate responsibility," he said.

Akashi arrived in Zagreb 18 months ago from Cambodia; and I asked if one difference was, that exhaustion had set in there after 21 years of fighting.

"In the Middle East they fought each other 45 years, in Northern Ireland 25 years and in Cambodia 21 years," he said. "The magnitude of the tragedy in Yugoslavia is comparable. But we will not have to wait 20 years for these people to become exhausted.

"The UN cannot work miracles. If international mediators have not been able to identify a comprehensive peace it's not the UN's fault. We have done as much as we can on the ground. We have done our best.

"You can bring a horse to water but you cannot make it drink."

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Chief of Army General Staff on U.S. Visit

AU1608142495 Tirana TVSH Television Network in Albanian 1800 GMT 15 Aug 95

[Interview with General Sheme Kosova, chief of Army General Staff, by Bujar Muharremi in Tirana; date not given—recorded]

[FBIS Translated Excerpt] [Muharremi] Mr. Kosova, you have just returned from a several-day visit to the United States. Can you please tell us about the goal of your visit?

[Kosova] It is true that I returned from the United States three days ago. I was there on a working visit to participate in the opening ceremony for the exercise that our peacekeeping corps took part in at a wonderful peacekeeping troop-training field in Louisiana in the United States. [passage omitted]

[Muharremi] It is known that U.S. Defense Secretary William Perry was present at the multilateral exercise. Mr. Perry particularly greeted the Albanian troops present at the exercise. Can you please tell us some other details and impressions from Mr. Perry's speech at the exercise?

[Kosova] Personally, but also as the chief of the Army General Staff attending the ceremony, I really felt proud of our team and particularly of the very good and warm words that U.S. Defense Secretary Perry spoke on our behalf. Mr. Perry came to meet our team while we were in the field, talking with the soldiers, vice officers, and officers that participated in the exercise. [passage omitted]

The goal of the training of this army unit primarily serves to realize the changes that our army has undergone in democracy, executing the laws of our pluralist parliament, and implementing the decisions of the government and the Council of Defense on the new tasks our army faces in democracy.

At the same time, the training that the unit recently carried out in the United States will place it at full alert to serve and act if the United Nations asks even one Albanian Army unit to participate in a hot region of tension and war to avoid the conflicts and consequences of a military action. Thus, Albania and the Albanian Army will contribute concretely to preserving peace not only in Albania, but also in our region and beyond, in every country where this may be necessary.

Our staff was not only dignified and capable of carrying out all its tasks and implemented the entire training program during the days at the training center, but also enjoyed good health, both medically and morally. I saw this and heard it from the unit commander who led the entire training activity there, as well as from six U.S. special forces officers who were training our troops in Louisiana.

During this period, our Army performed important tasks and carried out a deep reform in exercise, training, education, and in changing and conceiving the new military doctrine, which charges it with very important tasks and will make it a worthy partner for all the armies of the Western, NATO countries.

Berisha Replaces Trade, Industry Minister Brojka

AU1708110895 Tirana TVSH Television Network in Albanian 1800 GMT 16 Aug 95

[FBIS Translated Text] At the proposal of the Council of Ministers' chairman, Sali Berisha, president of the Republic of Albania, today decreed the release of Mr. Albert Brojka from the position of minister of industry, transportation, and trade, at his own request, as he is charged with another duty, and appointed Mrs. Suzana Panariti as minister of industry, transportation, and trade.

Mrs. Panariti was born in Tirana in 1956. She graduated from the Economics Faculty and from 1986 to 1994 worked as a teacher and head of department at this faculty. Mrs. Panariti is a doctor of economic sciences and speaks English, Russian, and Italian. She has been deputy minister of industry, transportation, and trade and has made a valuable contribution to the successful development of the reform in these sectors.

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Videnov on Government Policies, National Security

AU1608140995 Sofia DUMA in Bulgarian 12 Aug 95 p 1

["DUMA PRESS Staff report": "Videnov Declares That the Promises of the Incomes Policy Will Be Fulfilled"]

[FBIS Translated Text] The Socialist government's chief commitment is to social security, Prime Minister Zhan Videnov said last night in an interview on national television. He said that 600 million leva will be set aside each month to help the social groups at risk to cope with heating costs during the coming winter.

The government has raised grain export duties to $55 per metric ton. In September, we will probably ban grain exports until the next harvest, Videnov said. We have to guarantee energy efficiency to prevent wastage, he added. At current energy prices, which will be adjusted in line with inflation, he thought that the future prospects for the energy sector are good.

Videnov described the government's privatization policy as a socialization of property, not transferring it into the hands of capital. It is an expression of restored social justice and of economic common sense, he added.

The prime minister thought that the president's recent statements on national security were quite inappropriate. He considered that the complex situation in the Balkans is extremely dangerous, especially following the Croatian troops' invasion of Krajina. He said that Bulgaria will offer the necessary aid to the refugees, but the country must not allow itself to be drawn into the conflict in any way.

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Interviews With Prime Minister Klaus On State of Economy

AU1708100295 Prague HOSPODARSKE NOVINY in Czech 10 Aug 95 pp 1, 5

["Exclusive interview" with Prime Minister Vadav Klaus by Vera Luptakova and Pavel Richter; place and date not given: "Situation in the Labor Market Can Become the Only Brake to Economic Growth"]

[FBIS Translated Text] [HOSPODARSKE NOVINY] The government recess is over. Which steps from the first half of the year do you personally assess as having been the most successful and decisive?

[Klaus] We expected 1995 would be a year of evident economic growth and our predictions have proved correct. The latest statistics issued by the Czech Statistical Office [CSU] only confirm this. The 7.7 percent growth in industrial output, a similar growth in construction, and probably even faster growth of services are exceedingly good results. All of this should guarantee a GDP growth close to 5 percent. The economy has thus moved ahead and I do not see any immediate reason for it to come to a halt. It looks as though the difficult situation on the labor market, which does not provide much scope for further acceleration of economic growth, will be the only brake.

Regarding the social sphere, we have succeeding in drafting, and pushing through parliament, a number of social laws, all of them in a form that does not differ significantly from the original government drafts. Fortunately, the political campaign against them proved unsuccessful, and it did not last long. Once the bills were approved, no one uttered a word. That was because the political opponents were not true opponents, in my opinion. They were only looking for an opportunity to conduct polemics with the parties of the government coalition. Their absolute silence over the past two months simply confirms this.

In the political sphere, the situation has begun to change lately, as a reflection of the approaching parliamentary elections. One must always view matters with a certain detachment, such as can be obtained, for example, during a holiday abroad. You read only foreign newspapers and realize that matters that appear to be dramatic at home are quite common in a functioning democracy. I believe, therefore, that the political developments in our country are a sign of great political stability.

[HOSPODARSKE NOVINY] What is the government's next general target until the end of this year?

[Klaus] Not to allow itself to be distressed and thrown off course. Continue in its normal activity. Not to pretend that the elections are near at hand and aim each and every step to please the greatest possible number of voters. Personally, I consider the tendency toward such behavior a gross mistake. It is obvious that a number of evergreens exists on our political scene and that the search for consensus on some of them will be difficult. The drafting of the state budget for 1996 will definitely become the backbone of the second half of the year. The state budget is, after all, the government's basic plan for the following year, in which everything is contained.

Ministers Must Economize

[HOSPODARSKE NOVINY] The tax amendments for next year have already been approved and it is evident that they will remove from the state budget some 20 billion korunas [Kc] of revenue. Do you know from where the savings of budget expenditure will come?

[Klaus] I would like to formulate your question with greater precision because the reader might infer from the sentence that budget revenue will be cut by Kc20 billion, that his money has disappeared somewhere. It needs to be said that the approved tax adjustments will reduce tax proceeds—and, hence, budget revenue—for next year, in relative terms, by an amount that could reach a two-digit figure in billions. I deliberately use the words "in relative terms" because rapid economic growth will undoubtedly increase GDP and, thereby, the mass of tax proceeds. The whole magic of current analytical studies resides in the search for the difference between rates of taxation and the mass of tax proceeds resulting from economic growth. Therefore, the shortfall of tax proceeds, compared with this year, definitely will not reach Kc20 billion in absolute terms. We do not have final figures yet. We have yet to discuss materials, the drafting of which I have requested from ministers, about possible savings within their departments. Unfortunately, their proposals have not made me very happy so far.

The aim to maintain a balanced budget is evident. In the remaining part of August, and in September, we are going to talk about whether spending on the army or the police, on rail transportation or education, would increase by 1 percent or less.

[HOSPODARSKE NOVINY] In its assessment of the first quarter of the year, the central bank sees the rapid growth of real earnings as one of the factors that might destabilize economic growth. How do you view this phenomenon?

[Klaus] As I have already said, I see the situation on the labor market as the greatest threat to economic growth, that is, the supply side and the virtual full employment. This affects the possibilities for our firms to expand. During my visits to companies, their managers long

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ago stopped complaining about high taxes. Their main complaint concerns the shortage of labor. Naturally, there is a second side to this—the movement of wages. I do not think that today's wage rises are caused by excessive political or trade union pressures. It seems that this growth of wages can be explained by purely economic factors, that is, by tension on the labor market. The contribution of trade union organizations, collective bargaining, and wage pressures is relatively small in this regard. In other words, had the situation on the labor market been different, wages would definitely be growing at a slower place.

[HOSPODARSKE NOVINY] It seems that the greatest pressures for wage increases do not come so much from the production sphere as from the budget-funded sphere, which feels the need to compare public sector wages with average earnings in the entire national economy.

[Klaus] I consider as dominant the issue of the movement of wages in the budget-funded sphere, and in the sphere of the remaining state-owned companies. The first big nut to crack will be, I think, 16 August when a cabinet meeting will address the issue of partial, selective wage rises in this sphere. I regard these deliberations as a key matter, one that will have an immensely important effect as a signal.

[HOSPODARSKE NOVINY] Do you consider possible such a change on the labor market that would lead to a reversal of its development? Would it not be good, for example, to tighten the provisions of the law on bankruptcy and settlement against debtors?

[Klaus] In the short term, as well as in the medium term, the level of unemployment is determined exclusively by the macroeconomic situation, and not by legislation, the ability to compete, or the law on bankruptcy. These determine the possible long-term directions. Continuously waiting for unemployment to rise when we tighten this or that legal provision really is a delusion. At a time of rapid economic growth, it is not possible for unemployment to rise. Naturally, a slowdown of the world boom would affect us more.

[HOSPODARSKE NOVINY] It seems, however, that current economic growth in the world does not have too great an impact on the growth of Czech exports. How do you actually perceive this year's results in foreign trade?

[Klaus] It is beyond doubt that the balance of trade deficit is no gratifying or joyous situation. On the other hand, it is not dramatic. We anticipated that the deficit could as much as triple this year. When we are criticized today for having wrongly estimated the extent of the deficit, I must say that for a long time last year we reckoned with a balance of trade deficit of around Kc10 billion. The recently modified CSU data show, however, a 1994 balance of trade deficit amounting to Kc20 billion. I have the feeling that our estimate of a threefold increase in the balance of trade deficit, compared with last year, will not be too wide off the mark. This is not an excuse but a statement of fact. The modified data suggests that exports will grow by 6.4 percent. I claim that, if there is anything problematic about the growth rate of our exports, it is that they are not growing by 7, 9, or 11 percent. Dreams about our exports growing at a rate of tens of percentage points are, naturally, absurd. The second reason for exports not growing too strikingly is the significant growth of domestic demand. Domestic demand absorbs part of the products that would otherwise be exported. In other words, I do not see any great problem on the export side. It is the immense volume of imports that represents a problem for me. I do not know how to influence it because we do not want to use administrative means. However, the growth of imports also reflects the sufficient domestic demand. To sum it up, it is logical that, in the phase of transformational recovery, imports will be growing faster than exports. The problem is how to finance this gap from both the current account of the balance of payments and from short-term capital resources.

[HOSPODARSKE NOVINY] What weight do you ascribe to the structure of the imported goods?

[Klaus] This structure is not all that important to me. Of course, everyone would like to hear that imports of capital goods accelerate future economic growth while imported consumer goods will be consumed. It is not that simple, however. The economy is not such a balanced mechanism. Not that I would ignore these factors, but they are of importance to me only at a certain position behind the decimal point.

Fixed Exchange Rate Still With Advantages

[HOSPODARSKE NOVINY] In the past, the koruna's fixed exchange rate benefited companies and the economy as a whole in many ways. However, the disparate trends in the development of the trade balance and the capital account currently generate both devaluation and revaluation expectations. Is it suitable in this situation to cling to an exchange rate regime with a very firm koruna?

[Klaus] These analyses have to be carried out, and the government is doing that. Personally, I have a greater fear of abandoning the fixed exchange rate than a number of economic commentators. I am aware of its disadvantages, nevertheless, I still have the feeling that its advantages prevail. The fact that Poland or Slovenia

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is introducing a floating exchange rate should not make us nervous because these are false floating exchange rates. Regarding the introduction of some kind of a mixed system by increasing the margin within which the exchange rate can fluctuate, I am not quite certain what effect this would bring. I have the fear that, shortly after creating this fluctuation margin, which we would not make too large anyway, the exchange rate would hit the upper limit and would remain there. This is to say that we would not find a balanced exchange rate anyway. This is my hypothesis. But we do not have a clear-cut view on this issue and I think that this does not matter. A change of the exchange rate in August 1995 is not necessary, and in the future, we are prepared to decide in an absolutely flexible way. On the other hand, I would like to say that, in the foreseeable future, today's deficit of the balance of trade would not be eliminated by any movement of the exchange rate.

[HOSPODARSKE NOVINY] You once said that the development of inflation in our country is influenced more by incomplete price adaptation processes than by the traditional impact of supply and demand. Is this still true today?

[Klaus] Prices are always part of supply and demand linkages. The question is when demand and supply situations will become more stable. I believe that relative prices in the category of the so-called tradables [English term used], that is, goods crossing the borders, have, more or less, reached the level of world prices, or are getting there. Prices of nontradable goods very often differ even among individual European countries. These prices will remain different in our country for a long time and will adapt to world prices slowly.

[HOSPODARSKE NOVINY] Should the rate of inflation not decline somewhat in this situation?

[Klaus] Inflation will definitely decline over the long term. However, a great deal depends on tension on the market, on traditional inflationary factors. I have never said that these factors are not at work all together. The question is from which of these factors comes the accelerating momentum. I have never argued that the macroeconomic situation is not the dominant factor of inflation. However, even if we significantly suppressed aggregate demand, inflation would not be cut in the short and medium terms because it now contains a not negligible component that is more or less immune to the state of supply and demand. For the time being, I have no reason to change this argument.

Germany Is an Artificial Problem

[HOSPODARSKE NOVINY] Commenting on the issue of Czech-German relations, you have repeatedly argued that this is only an artificially provoked problem. Could you elaborate on this view?

[Klaus] There is no doubt that there is something from the war and postwar periods that remains unsaid, unspoken, and, perhaps, unsolved between us and the Germans. This concerns only a very small part of Czech-German relations, however, and it is artificial when a completely different weight is being attached to this problem than it really deserves. I am trying to negotiate with German politicians. While in Baden-Wuertemberg recently, I met not only with Minister-President Erwin Teufel but also with Federal President Roman Herzog. Further talks at the level of prime ministers are being prepared for the weeks to come. Everything is thus in the process of negotiations.

[HOSPODARSKE NOVINY] After the summer recess, parliament is to approve the law on elections to the Chamber of Deputies and the Senate. Is the establishment of the Senate realistic, in your opinion?

[Klaus] I am no fighter for the Senate. I have many doubts about the establishment of second chambers of parliament, which are customary in other European countries, starting with the House of Lords in Britain and ending with the second chamber of Parliament in Romania, which is an absolutely identical copy of the first chamber. It seems to me that the contribution of these institutions to the real functioning of countries is relatively marginal. This assessment has nothing in common with our current political situation or with some political parties, however, as I am often being accused. It is just my pragmatic judgment on this issue. I do not consider the Senate issue anything extraordinary.

I Would Not Demonize the Trade Unions

[HOSPODARSKE NOVINY] During the talks on this year's General Agreement, the trade unions demanded that the minimum wage be raised from Kc2,200 to Kc2,800. Is the government contemplating meeting this demand?

[Klaus] We are ready to raise the minimum wage. This even was one of the government's offers during its talks with the social partners. On no account would it be raised by Kc600, however. We are considering increasing the minimum wage by about half this amount.

[HOSPODARSKE NOVINY] The trade unions will probably contest the elections alongside the Social Democrats. Do you think that social peace might be disturbed in the atmosphere of the election campaign?

[Klaus] I do not expect from the trade unions as unambiguous a maneuver as an alliance with the Social

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Democrats. Trade union leaders' inclination toward left-wing parties is a common phenomenon everywhere in the world. I would not demonize the matter. This is true also vice versa. The more trade union leaders are politicking, the more individual employees will abandon trade union organizations. I would expect this boomerang effect. The trade unions will thus represent a steadily declining portion of employees.

[HOSPODARSKE NOVINY] What will be the further course of transformation steps on the railroads?

[Klaus] Let us leave the new management board work in peace for a while. I would consider it wrong to assign them tasks and to narrowly determine what they can, and must not, propose to the government. Negotiations naturally continue. But let the management board work out some transformation project. It is obvious, at any rate, that the railroads require a radical internal incision. Using old methods will not do in the future. On the other hand, the solution cannot be one that the railroad staff will not accept. I realize very well that we would be unable to carry out economic transformation in this country if 90 percent of the population were opposed to it.

[HOSPODARSKE NOVINY] Have you found time to conclude a supplemental pension insurance?

[Klaus] Yes, I have had a supplemental insurance for about three months now. I must admit, however, that everything had been arranged by my wife. I do not even know in which insurance company. I think that this is a new element in our way of thinking, one prompting us to view our life circumstances from the long-term, rather than the short-term, perspective. This tendency is absolutely healthy and normal. I have spoken to the representatives of some insurance companies, who are registering a striking increase in insurance policies. This phenomenon signals a change in life orientation and our citizens' very quick adaptation to the new political and social system.

On Communism Crimes, German Talks

AU1708063295 Prague LIDOVE NOVINY in Czech 11 Aug 95 p 3

["Regular" interview with Prime Minister Vaclav Klaus by Eva Martinkova in Prague on 10 August: "I Am Distraught by the Poor Interinstitutional Communication"]

[FBIS Translated Text] The work of the Office for the Documentation and Investigation of Crimes of Communism, the Czech-German declaration, and the definition of the rules for providing mortgages—these are the topics discussed by Prime Minister Vaclav Klaus in a topical interview.

[Martinkova] How do you feel about the upheaval arising from the activity of the Office for the Documentation and Investigation of Crimes of Communism? The contrary comments by various bodies evoke embarrassment in the public to say the least.

[Klaus] It embarrasses me too. I am particularly annoyed by the inability of people to communicate. If the employees of this institution are unable to communicate with the employees of the State Attorney's Office and if the Interior Ministry and the Justice Ministry staff cannot make some arrangement beforehand, then it is a pity and it unnecessarily discredits all of our efforts and everything we do.

[Martinkova] The Bonn Government spokesman said that the talks with the Czech side had begun. Nevertheless, Jiri Weigl, Czech commissioner for talks at the government level, is not aware of it, and does not even know the name of his German partner. How can this be explained?

[Klaus] I would not draw any far-reaching conclusions from these statements. Let us simplify it as follows: [illegible] us use the terms "talks," and "Talks." The Talks [illegible] a capital "T" have not started yet. It is clear that the staff of the Foreign Ministries and embassies keep in contact. If you want to call these contacts talks with a lower case "t," then these talks are taking place.

[Martinkova] Do the exceptions have any real basis of the opposition to the transfer of the preparation of the declaration from the exclusively parliamentary level also to the government level?

[Klaus] I believe that it is absolutely unequivocal. At the moment, when the government is taking a significant initiative, the opposition feels that it plays only a minor role. Therefore, the opposition very logically presses for having the declaration discussed in parliament. Nevertheless, there are numerous reasons for having the political parties, which have the voters' authorization, represent the government coalition, and are responsible for the development of this country, play the key role in the preparation of the Czech-German declaration.

[Martinkova] The introduction of mortgages has been delayed. When will the government decide on the measures, by means of which the state will intervene in the system of mortgage credits?

[Klaus] I have just signed the inclusion of this item on the agenda of the government session. The government will discuss mortgages at its session next week. There is no point in saying anything more because the material may not be approved at all in the proposed form.

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Klaus on Cooperation With Postcommunist Countries

AU1608142795 Prague LIDOVE NOVINY in Czech 12 Aug 95 p 5

[Article by Prime Minister Vaclav Klaus: "How Is it With the Visegrad Cooperation?"]

[FBIS Translated Text] Day in and day out, we keep reading in the newspapers of countries east, and occasionally even west, of us that the Czech Republic is not interested in cooperation with its former CMEA and Warsaw Pact partners. We have patiently repeated over and over again that it is not so, but it does not seem to suffice. Last week I addressed more than 100 students from 18 countries, who attended a summer school in Prague organized by the Washington Fund for American Studies together with Charles University and Georgetown University. In the follow-up discussion the students—particularly those from Slovakia, Bulgaria, and Russia—asked me why we do not want to cooperate with them. I realized more than ever before that it has become a myth that is deep rooted and a generally accepted "conventional wisdom." I will try to list the counterarguments:

1. We have repeatedly stated in official documents, as well as in various interviews and speeches, that we consider the neighboring countries our most natural partners, and we have the maximum interest in the best and most intensive contacts precisely with these countries. I must add, however, that we have all neighbors in mind rather than just the neighbors from the former communist world.

2. We endeavor to develop cooperation in the most varied spheres, in the most varied forms and levels, and we orientate ourselves conceptually according to the need to build on our common interests rather than on artificial attempts at creating new international groupings all the time. The basis of mutual interests are economic interests, and, therefore, the Czech Republic is a founding member—and an exceptionally active member at that—of the Central European Free Trade Association [CEFTA]. At my invitation, a meeting of prime ministers of Poland, Hungary, Slovakia, Slovenia, Romania, and Bulgaria will take place in Brno on 11 September, and the objective of our talks is to find partial ways toward an expansion of economic relations and fast removal of all the remaining trade barriers among these countries.

3. The Czech Republic was skeptical about the so-called Visegrad Group—or rather the motives for its creation—as long ago as in the first post-November years. At the time—not in our country—the pessimistic notion was dominating that the period of the postcommunist transformation would take tremendously long, that one would not go directly toward the standard capitalist society, rather that an interim stage would come about, an in-between step, an intermediary society. The ideas of some bridges between the East and the West were revived, the dreams were coming back of some idyllic "third ways," and the advocates of these views (and some renowned noncommunist critics of capitalist society and market economy in our country were among them) believed that it would be necessary to join these countries and jointly "defend ourselves" against the despotism of the East and the dehumanization of market mechanisms in the West.

This stand suited the West, as it did not believe in the quick pace of the transformation processes in the postcommunist countries, and did not want to be drawn into solving our problems but wanted to maintain its hitherto exclusiveness (and riches).

We, on the contrary, have been convinced from the very beginning that one must proceed directly, without these interim steps, and, therefore, we did not want to be pushed off into any special institutions that would overemphasize our past. Yes, we do not want to hear over and over again the adjective "postcommunist" because we are convinced that today, we do not differ all that much (not from the vantage point of the GDP per head but rather systemically) from the countries of the West.

4. We do not consider it reasonable even to create some pressure group together with the other countries endeavoring to join the European Union, which would by means of defiance jointly win a faster entry into this integration grouping. We do not believe this is an approach that could help something but believe that such pressure would more likely complicate matters than help them. The ability of the European Union to absorb additional members is not directly dependent on the pressure developed by these future members. It requires some time, and I believe that it will exactly correspond to our readiness for full membership in this institution.

5. If I wanted to indulge in a little schadenfreude [taking pleasure in others' misfortune], I would have to say that precisely the Visegrad Three (or later Four) was an attempt at separation from the other postcommunist countries as something superior, as "more equal." The Czech Republic proposed, therefore, last year to expand the CEFTA with Slovenia, and invited Romania and Bulgaria this year. For the coming years, we reckon with the Baltic countries. We do not consider the endeavors for exclusiveness to be right.

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6. Last but not least, it is necessary to emphasize an important difference between the real interconnection (one could perhaps even say integration) between the countries measured by the frequency of exchanges of people, ideas, cultural property, and "noncultural" goods, and the formal interconnection measured by the number of organizations, secretariats, fancy buildings, number of officials and conferences, and size of budgets. We strongly advocate the former, and not the latter. Therefore, the CEFTA is an organization without a building and staff, and we all take care that it remains so.

We do not need to have a bad feeling that it is we who do not want close and friendly contacts, but apparently we must better explain our stand more.

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Comment on Controversy Over Kovac's U.S. Remarks

AU1608135395 Bratislava SME in Slovak 11 Aug 95 p 4

[Commentary by Juraj Hrabko and Robert Kotian: "When a Duck Dying in a Thunderstorm Quacks"]

[FBIS Translated Text] It is necessary to relate a few facts in connection with the recent affair surrounding the president's remarks—it really is unusual and damaging to the state's image in the long term if internal reports on various meetings submitted by an ambassador to his own Foreign Ministry are made public (at this point, we could ask why the records from V. Meciar's secret talks on 26 May, when he did not take part in the government's out-of-town session in Komarno, were not made public and about which SME asked the prime minister's secretariat and the National Council of the Slovak Republic chairman). The report sent by the Slovak ambassador to the United States, B. Lichardus, has shown, however, that the Slovak president did not use the same expressions in his Radiozurnal interview as the U.S. representatives had used. Namely, M. Kovac announced that the advisers "stated that the view is already beginning to prevail in the United States that Slovakia is no longer in step with Poland, Hungary, and the Czech Republic in issues of building a democracy and reform." According to Lichardus's report, however, "the U.S. guests said that the democratic world is paying attention to Slovakia and is interested in ensuring that Slovakia does not lag behind in building democracy because it faces the risk of political isolation (Kruzel, Fried). J. Kornblum also said that, in his opinion, Slovakia is already on the road toward political isolation because it is repeatedly left out in references to the Visegrad Four countries. He also said that Europe is starting to ignore Slovakia because it is not keeping up with the other Central European states in making progress." The difference in favor of the president's diplomatic vocabulary is obvious.

As we have already said, we can conceive of certain information also formulated other than presented by M. Kovac. This, however, changes nothing at the core of the entire issue—the United States is not altering the priorities of its foreign policy, even toward Slovakia. The statement made by an unnamed highly placed U.S. Administration official that "democracy is a system in which the election winner cannot act on a whim" and the comment of Vice President Al Gore that "we are on the side of democracy against any possible alternative or threat to democracy" are, to say the least, at extraordinary variance with the philosophy and exploits of the current Slovak governing coalition concentrated in V. Meciar's slogan: "The elections are over; get used to it!"

It is typical of the coalition government that, after a few weeks, it is calling for another U.S. point of view by means of a diplomatic note; but even this is unimportant. It is important for Slovakia's situation that, following his talks in the United States with U.S. Administration officials, the Slovak president did not feel the way the prime minister did two years ago. The difference between M. Kovac's uncomfortable feelings and the feelings of a duck dying in a thunderstorm is evidently in the Slovak Republic's favor.

HZDS Head Endorses SNS 'Parliamentary Putsch'

AU1608142895 Bratislava PRAVDA in Slovak 11 Aug 95 pp 1, 4

[Interview with HZDS Chairwoman Olga Keltosova by Nora Sliskova; place and date not given: "'The President Is the Main Representative of the Opposition'"]

[FBIS Translated Excerpt] [Passage omitted] [Sliskova] The Movement for a Democratic Slovakia [HZDS] is apparently unhappy with the work of some ministers and is planning government changes this fall. Can you confirm this?

[Keltosova] Reports on the activity of individual ministers are the subject of the coalition talks that take place every week. If a certain minister is also subjected to criticism at these meetings, its purpose is to improve even more the quality of the government's work. However, I cannot confirm any specific changes in ministerial posts. [passage omitted]

[Sliskova] Democratic Union Chairman J. Moravcik has accused the HZDS of setting up a fund to bribe opposition deputies. On the other hand, the Slovak National Party [SNS] declares that the opposition is planning a parliamentary putsch. What is your view?

[Keltosova] J. Moravcik's accusations are not based on any evidence or facts. Obviously, this is his style of politics. [passage omitted] As far as the SNS's suspicion is concerned, it has a real basis when we realize that the investment privatization funds invested more than 1 billion korunas [Sk] in advertisements even before the launch of the preliminary round of coupon privatization. Because of the change in privatization, however, the funds will lose the aforementioned resources as well as the opportunity to acquire considerable property from the Sk35-billion worth intended for privatization. If we take the opposition's open defense of the investment funds into consideration, only one thing ensues from this: The SNS is obviously right. Let us also recall the statements of Messrs. Miklosko and Carnogursky

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implying that this will not last long and that everything will get back on its old track. Does this mean that they are preparing the population for a possible parliamentary change? If they are, then, logically, the funds for achieving it are somewhere. Is this such an unrealistic notion?

[Sliskova] During the election campaign, the HZDS endorsed the effort to calm the situation. However, there is still tension in politics; mutual attacks are on the increase. The HZDS repeatedly calls on the president to resign.

[Keltosova] Calm can descend when the political forces are willing to seek points of departure on the basis of prosperity for the citizen and the state, not, however, if they are constantly opposed—opposed to cooperation with the HZDS and to the efforts of the government and the parliamentary coalition. At the same time, without offering an alternative. By the way, where is the Party of the Democratic Left's so-called shadow government? This is how they create a permanent state of tension, disputes, and, in the final analysis, hatred. Unfortunately, the president has long been the main and decisive representative of the opposition, which is not a normal situation. The argument that the coalition wants to detract attention from the real issues does not pass muster. Whoever advances this argument displays his political inability to offer alternative programs to citizens.

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Keleti Views Yugoslav Crisis, NATO Membership

AU1608122295 Budapest MAGYAR NEMZET in Hungarian 12 Aug 95 p 7

[Interview with Defense Minister Gyorgy Keleti by Frigyes Varju; place and date not given: "We Do Not Give Priority to Any Side"]

[FBIS Translated Text] [Varju] At the time of our discussion, there is a duality regarding the Yugoslav crisis: On one hand, one hears of Yugoslav tanks deployed near Southern Slavonia [as published], namely in the vicinity of Hungary's southern borders; at the same time, the army and Border Police leadership keep telling us that there is no reason for alarm and for higher combat readiness. Would you dissolve this contradiction?

[Keleti] I think the most important thing is to analyze the reports on the Yugoslav crisis thouroughly; we should never dramatize or belittle these reports. We have our own good experts for this task. Personally, I think that the fighting is far from the Hungarian border and I really do not have any propaganda goals in mind when I try to stress that those actions do not represent a direct threat to the sovereignty of the Hungarian Republic. The situation would be different if an armed struggle for the possession of the territories of Eastern Slavonia assumed dangerous levels directly along the Hungarian borders. For a long time, the Hungarian Government has been declaring that Hungary should treat the Yugoslav situation primarily with political means. At the moment, we do not see any source of tension in this region that would represent a danger of war for us. None of the participants in the Yugoslav crisis are interested in finding a new enemy; nor do they have any motive to attack Hungary. Of course, if combat activity develops along our borders and if they deploy air forces, this could inadvertently lead to an airspace violation, and this again could be interpreted as an activity below the war threshold, because this would not be an attack against Hungary. Similarly, if combat action flares up in our immediate vicinity involving land forces, it might happen that, being surrounded or precisely in order to encircle the enemy, some troops disregard the borders of the Hungarian Republic, but this again would not represent an attack against Hungary. Obviously, all of this does not calm the population living in this region and, therefore, our major goal is to initiate the negotiated settlement of the future status of these tension-filled regions in order to prevent the renewed outbreak of hostilities.

[Varju] I am still concerned about the statements made by the Croats and the Romanians months ago. Actually, the Croats officially declared in the press that, in recapturing the South Baranya Triangle, they might drift onto Hungarian territory and even march through Hungarian territory to reach their targets. At the same time, in answer to this, the Romanian political circles pointed out that Romania would not stay idle if Hungary assisted Croatia.

[Keleti] One should also exclude the extremist manifestations from the various statements. There can be different statements, but these do not change the fact that the Hungarian Republic will not commit itself to any warring side and will not provide special advantages to any side. Thus, Hungary will do everything in its power to avoid drifting into this conflict. The fact that [Prime Minister] Gyula Horn suggested holding a conference in Budapest to facilitate peace in this region also shows this.

[Varju] In the course of the events in Romania six years ago, the Hungarian Army could follow and predict the events very precisely. To what extent do our experts see clearly in the current Balkan crisis?

[Keleti] A foreign ambassador visited me recently and asked our opinion about the expected developments. He justified his question by saying that, at an earlier meeting in the spring, he received a situation analysis from us that later proved that we were the ones to predict most of the expected events most precisely. I think everyone knows that, everywhere in the world, a country situated on the border of a crisis zone tries to collect all the information. We steadily follow the press agency reports, and we also have access to lesser news from other sources, like radio correspondents, news that we might analyze later.

[Varju] For me, all this means that the Army and Defense Ministry leadership are in daily contact with the NATO commanders interested in the UN peacekeeping activity in Yugoslavia.

[Keleti] This is not true. We do not have daily contacts with them. If, however, we meet with the partners abroad or here in Hungary, these issues are naturally put on the table.

[Varju] The Workers Party recently protested because its leaders fear that NATO might only regard Hungary as a deployment theater, and might only build bases here. This is slightly in harmony with the rumors according to which the Hungarian airfields that NATO aircraft could use in case of emergency have already been marked out.

[Keleti] No distressed NATO aircraft has landed on any Hungarian airfield so far, and I am not even aware of any such aircraft. At the same time, on the basis of international agreements, it is absolutely natural that

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we are obliged to assist any aircraft in distress. As for the Workers Party's NATO opinion, even their situation analysis is wrong! Hungary set itself the goal of joining NATO because it would like to create security under more favorable economic conditions, in the framework of an alliance, rather than alone. Besides, in connection with our NATO membership, the Workers Party people mentioned sums of money that are not true at all. For instance, they claim that we are spending 1 billion forints [Ft] on military tasks involving NATO membership. This year's budget for the Partnership for Peace Program is Ft493 million, and the bulk of this sum is going towards the creation of a language instruction center in Hungary for teaching English, German, and French to Hungarian officers. This would also be necessary if we did not apply for NATO membership. Besides, the Workers Party also claims that we will have to increase the current flying practice time of 50 hours a year to 150 to 200 hours to comply with NATO practice. I think every pilot has a good laugh when he hears this, because more flying time is necessary for the pilots to be able to carry out their tasks with adequate security, and not for NATO membership.

[Varju] In your view, why are we important for NATO?

[Keleti] I think we are at least as important for the NATO as NATO is for Hungary. I start from the premise that NATO is the only collective security organization in Europe today; the effort to extend membership to countries that have not been members so far shows that NATO is working on setting up a security system of a new concept. This is also important for them. From our viewpoint, it is essential that, together with them, we can create security at a lower price. While criticizing NATO, everyone tends to forget that, in view of its current situation, the Hungarian Army would have to be fully renewed in a very short time. We will probably issue a tender for the modernization of the Hungarian airspace supervision as early as this summer, because our radars which are 20 to 25 years old, use up a lot of energy, they operate inefficiently, they need a large number of operating personnel, and they "see" little. The new, modern, and smaller installations will be NATO compatible because every such modern installation available on the world market is NATO compatible. I must quickly add, however, that the United States is supporting the modernization of our air control system with an aid program of $6.25 million. In other words, this aid would fail if our membership is not considered, and we would have to find this money ourselves.

[Varju] If I follow this logic, however, I do not understand why we had to accept the MiG-29 aircraft and other weapons in exchange for the outstanding Russian debt to Hungary, weapons that are far from being NATO compatible.

[Keleti] First of all, I would like to point out that the funds from the Russian debt toward Hungary are so-called free money for the Hungarian Army. As for the MiG-29 combat aircraft, these airplanes are NATO compatible, because the German Bundeswehr also uses the aircraft inherited from the former GDR [German Democratic Republic], after the necessary changes that we can also carry out on our aircraft. This does not apply to the armored personnel carriers that we are also receiving in exchange for the debt but, on certain types of weapons, NATO does not expect compatibility. There are some 10 to 20 different types of personal weapons in use in NATO, and I also saw about six different types of armored personnel carriers on military exercises. Besides, NATO leaders told us in connection with our decisions that we will improve our combat readiness if we put these armored personnel carriers into operation.

[Varju] However, a lot of criticism has been addressed here to the MiG-29 aircraft, saying that these aircraft are too serious for the small Hungarian airspace, and they are extremely demanding in terms of servicing. Given the fact that the Hungarian Air Force will have to change its aircraft by the year 2000 anyhow, why not modernize now by selling the MiG-29's and purchasing smaller Western aircraft?

[Keleti] I flew for 32 minutes in such an aircraft, and there was hardly a moment in which we did not see the airfield. Thus, if this aircraft is capable of doing all kinds of complex maneuvers in the immediate vicinity of an airfield, I do not think it is useless for the air force of a small country. It is true that the maintenance and repair costs are higher than in the case of Western types, but, if we purchase other types, the servicing system alone costs about 40 percent of the purchasing price per aircraft. Scraping the MiG-29's is out of question; there is, however, a realistic chance that the old MiG-21 and MiG-23's will have to be replaced by the turn of the century.

[Varju] The opposition also seriously criticized the army reform because, in their opinion, in its current form, this reform is weakening Hungary's defense capability. Would you dissipate their fears that fewer troops and the closure of certain army barracks could negatively affect our security?

[Keleti] Naturally, every reorganization has its risks, but there will be no change at the Air Force: The three air wings will stay, and their ability will increase with the MiG-29's. We would also like to make the radar system more efficient by 1998, and we are trying to increase

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combat readiness by replacing the 20-to-30-year-old personnel carriers for the land forces. We also have plans to improve the troops' air defense. Technological changes are also expected in telecommunications and the troops' equipment. We do not want to invent things anew, so it is possible that we will purchase clothing and other equipment from the West. All in all, we can expect improvements in combat readiness after concluding the reorganization, beginning with 1998. We also set out the goal of reducing the regular soldiers' service time and replacing them with contract soldiers. I find it slightly strange that we are unable to fill the contract places in a country struggling with unemployment, where tens of thousands of young people are unable to find work.

UN To Request Stoppage of Gas to Sarajevo

LD1608123495 Budapest Kossuth Radio Network in Hungarian 1000 GMT 16 Aug 95

[FBIS Translated Text] The UN Sanctions Committee has asked Hungary to stop the transit delivery of Russian gas destined for Sarajevo. The reason for the request is that, according to Bosnian claims, not a cubic centimeter of the Russian gas has reached Sarajevo since May, because the Serbs have taken it. Gyula Szelei Kal, head of a Foreign Ministry department, was asked whether Hungary will meet the official request, which has not yet been received.

[Begin recording] [Szelei Kal] The Bosnian Government's request to the UN Sanctions Committee that the gas transit delivery destined for Sarajevo be stopped because the gas is not reaching Sarajevo is well known to the Foreign Ministry. The Foreign Ministry has not yet received an official request from the UN Sanctions Committee. The committee's sessions are held behind closed doors; therefore, the earlier reports must have been based on leaked information. The UN Sanctions Committee's chairman will have to apply to the Hungarian Government with an official note.

If the request formally arrives to the Foreign Ministry, Hungary will meet its international obligations, as it has done in the past, too.

[Editor Peter Rozsa] Mr. Szelei Kal, my question is why is it we, the transit country—and not the Russians who deliver the gas—who receive this kind of request?

[Szelei Kal] The gas delivery, the transit itself, was approved by the Sanctions Committee two years ago in an official request addressed to Hungary. Obviously, like two years ago, the halting of the delivery will also have to be addressed to Hungary.

[Rozsa] That is to say, when this request officially arrives, Hungary will meet this, and suspend the delivery.

[Szelei Kal] Let me be more precise: Hungary will meet its international obligations. [end recording]

Kovacs on UN Request

LD1608204795 Budapest Kossuth Radio Network in Hungarian 1600 GMT 16 Aug 95

[FBIS Translated Text] If an official request arrives from the UN sanctions committee, Hungary will suspend the transit delivery of Russian gas supplies to Croatia. As we reported earlier, the Bosnian Government said that not even a cubic centimeter of Russian gas has arrived in Sarajevo since May because the Serbs have been tapping the pipeline. Kata Peli Nagy asked Foreign Minister Laszlo Kovacs what consequences this measure could have.

[Begin recording] [Nagy] Is it not possible with this gesture that we will intervene in the conflict, siding with one of the parties, since the suspension of the delivery was suggested as a step against the Bosnian Serbs?

[Kovacs] Hungary is a UN member state. Hungary has always carried out the Security Council's decisions. A country observes the UN's resolutions. This does not mean the undertaking of a unilateral obligation or a commitment to side with one of the parties.

[Nagy] The United Nations gave its permission to dispatch an aid convoy from Moscow to help the Serbs who fled Krajina and three planes will also carry aid to them. Does it have any special significance that not the countries nearby, which were also willing to help, but Moscow was asked to offer or deliver aid?

[Kovacs] The reason lies in the traditionally good Serb-Russian relations. Let me remark that Hungary is also examining the possibilities of offering aid. I think the issue will be discussed at the government session on Thursday [17 August] and I hope that a decision will be made. I think Hungary should be ready for providing humanitarian aid of this kind to help the refugees. [end recording]

Kovacs Outlines Plan for Yugoslav Peace Conference

LD1708110795 Budapest Kossuth Radio Network in Hungarian 0445 GMT 17 Aug 95

[FBIS Translated Excerpt] The UN sanctions committee is to request that Hungary to suspend the delivery of Russian gas to Croatia. [passage omitted]

Hungarian Prime Minister Gyula Horn made a proposal in Helsinki on 1 August to hold a peace conference in Budapest. [passage omitted] This initiative was unexpected by international diplomacy, which received

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it with surprise. There have been no immediate reactions to the Hungarian prime minister's proposal. The first reactions have only recently been received in Budapest.

What would be the difference between this conference and the previous ones? What are the chances of finding some kind of solution? You will hear Laszlo Kovacs discuss these questions, among other things. Kata Peli Nagy is the reporter.

[Begin recording] [Peli Nagy] You said a few days ago that indications from embassies about the reception of Gyula Horn's initiative for the organization of a Bosnia peace conference in Budapest could be expected by the beginning, or middle of this week. Have you received any clear reactions?

[Kovacs] Preliminary indications have shown clear support for the Hungarian proposal. Preliminary indications of this type have arrived from Croatia and Yugoslavia, Serbia, the United States, Great Britain, France, Germany, and Russia, that is to say, the members of the Contact Group. This certainly shows that the initiative was right.

[Peli Nagy] Has there been any objection? Have you received any answer saying thank you very much, but we do not want to participate, because there are already a plethora of mediating forums?

[Kovacs] We have not received such a reaction, but certain doubts can be detected in the indications. One of the difficulties we could see is that Serbia, Yugoslavia, will probably make its participation dependent on certain conditions. For example, it might be raised—which is a typical characteristic of the Serbian, the Yugoslav position—that first the sanctions should be lifted, and the talks can only begin after that.

During our latest talks in Budapest in May, Yugoslav Foreign Minister Vladislav Jovanovic, the recently dismissed foreign minister, considered the lifting of sanctions as the starting point of any kind of settlement process. Or, for example, another possibility is that, because we initiated this conference under the auspices of the OSCE, Yugoslavia might raise first that the OSCE should readmit Yugoslavia, and they would come to a conference initiated by the OSCE only after this.

Another difficulty is Slovenia, very careful not to be treated similarly with, for example, Croatia or Yugoslavia. The Slovene leaders have always stressed that Slovenia is not part of the crisis zone—which is true. Slovenia's response, saying that they will carefully study the Hungarian proposal, is rather laconic.

The third problem is who will represent the OSCE? There have been several questions whether we would expect all of the 52 member states to be present, for in this case, we are not likely to come to an agreement. Naturally, we did not think that all of the 52 member states would participate. We only think of the Troika—the current, the previous and the following chairman-in-office—that is to say Hungary, Switzerland, and Italy.

I can also imagine that certain elements of the Hungarian initiative would get incorporated into other initiatives. It is widely known that meanwhile Russia and the United States have made new initiatives and, naturally, international organizations are also dealing with the settlement of the Yugoslav crisis.

[Peli Nagy] This is the point, where we can ask whether the peace conference planned to be held in Budapest will not be devalued. For here is the great powers' peace plan, the content which, looking at it closely, is much wider than what is included in the agenda for the Budapest talks, according to our latest information.

[Kovacs] It is worth comparing the Hungarian initiative with the other ones to see the difference. We are of the view that the likely reasons for the failure of the efforts for the settlement of the crisis to date have been that, on the one hand, they tried to solve too many problems at the same time, and on the other hand, they did not intend to provide an overall settlement, but focused on one question only, for example, the Bosnian crisis.

Even the latest U.S. initiative is not aimed at other than the prevention of a total Croatian-Serbian clash. It is not aimed at the overall settlement of the Yugoslav crisis, but on this particular question.

[Peli Nagy] But there have been concrete proposals for the territorial division of Bosnia, and the new state formation's relations with other neighboring countries, Croatia and Serbia.

[Kovacs] Yes. The territorial division of Bosnia has earlier been prepared, and this is invariably on the agenda—it is another question that the sides concerned did not and do not want to accept. Another weak point of the attempts for settlement so far—which resulted in the meeting initiated by Russian President Yeltsin not taking place, after all—is that they reckoned with participants less than necessary, or required. The Bosnian president was not invited to Moscow; therefore, the Croatian president stayed away, too.

Two important elements of the Hungarian proposal are trying to overcome these weaknesses.

On the one hand, it is aimed only at the most important political questions, that is to say, the matter of ceasefire, the mutual recognition of the successor states, the international patrolling of the critical border sections,

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and the lifting of the embargo, with the exception of the delivery of ammunition and arms, as well as steps in the direction of disarmament and limitation of arms.

On the other hand, the Hungarian proposal is aimed at a conference in which all of the sides concerned in the crisis and interested in the solution of the crisis would participate, including individual countries and international organizations. And here we go beyond initiatives made so far in two important fields. One of them is the invitation of the Yugoslav region's neighboring countries, the other is the involvement of the OSCE.

I consider it conceivable that a new settlement plan or a new forum which will materialize at the end will be a kind of amalgamation of the various initiatives, including the Hungarian initiative as well. [end recording]

Minister Sees Need for Increased Privatization

AU1708085295 Budapest NEPSZAVA in Hungarian 12 Aug 95 pp 1, 7

[Interview with Industry and Trade Minister Imre Dunai by Gyorgy Kertesz; place and date not given: "Privatization Against Shortage of Capital"]

[FBIS Translated Excerpt] [Passage omitted] [Kertesz] Statistics on industrial production and exports clearly show positive results. Has the long-awaited economic growth started already, or is it only that the statistics are polishing the reality?

[Dunai] Exports increased by 21 percent in 1994 and by 14.5 percent in the first half of 1995. It is certain that the massive loss in the value of the U.S. dollar contributed to these results. The volume of exports also increased by almost 5 percent in the first half of 1995. The industrial production index indirectly supports this marked growth: In unchanged prices, industrial production grew by 9 percent in 1994, and this figure is even better for the first five months of 1995, namely 9.8 percent. Industrial exports grew by 30 percent in 1994, and the same figure applies for the first five months of 1995.

All this shows that we can really speak of actual growth in exports. This is all the more so because domestic sales of industrial products increased by 6 percent in 1994, while it only increased by 3 percent this year, so most surplus products were sold on foreign markets.

[Kertesz] What is the composition of the Hungarian exports? Many people criticize the high percentage of commission work [bermunka].

[Dunai] Commission work indeed provides a considerable part of our exports. This can be criticized, but this will not help solve the problem. The reason for this high percentage of commission work is that the Hungarian enterprises are struggling with a chronic shortage of capital, so they are unable to expand their own production. In commission work deals, we make use of available Hungarian manpower and machines. I would be very glad to see a much lower percentage of commission work, but it is currently rather problematic to provide central incentives for this. Unfortunately, the Hungarian banks do not have so called long-term funds, so they actually finance production with one-year credits. [passage omitted]

[Kertesz] What can be the solution to the problem of capital shortage?

[Dunai] Privatization. More precisely, the fund-increasing privatization. Therefore, I am in favor of a rapid and the broadest possible privatization. Obviously, this also means that I am in favor of including foreign capital in the privatization process because, as I already mentioned, there is little Hungarian capital at our disposal. Thus, privatization through foreign capital is the only way of expanding the scope of Hungarian enterprises.

[Kertesz] Does this also apply to enterprises of strategic importance? Is Hungary facing considerable danger when it puts its energy sector or its telecommunications into foreign hands?

[Dunai] The issue of tenders includes the types of developments that the buyer (both domestic or foreign) should carry out. According to our experts, in the energy sector alone, development worth at least $4 billion must be carried out here in the next 10 years in order to make our energy supply modern, secure, and in line with environmental requirements. [passage omitted]

[Kertesz] Can one already feel the effects of the Bokros package?

[Dunai] I must point out three subjects by all means. While imports exceeded exports by 5 percent in the first quarter of 1995, this figure dropped to 1 percent in the second quarter. I find it extremely positive that the domestic sales of our domestic industry grew by 7 percent in May, compared with 2 percent at the beginning of this year. This shows that the manufacturers are trying to replace imports with more intensive domestic production. Last, but not least, the radical change in the exchange rate policy, the introduction of creeping devaluation, made our foreign trade predictable. If this trend continues, I expect an improvement in our foreign trade balance in the second half of 1995. This does not mean that we will achieve a surplus, but the deficit will decrease. [passage omitted]

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Minister Sacirbegovic Comments on U.S. Plan

AU1608200395 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 16 Aug 95

[Report by Senada Cumurovic on the news conference by Bosnia-Herzegovina Foreign Minister Muhamed Sacirbegovic in Sarajevo on 16 August—recorded]

[FBIS Translated Text] [Cumurovic] Minister Sacirbegovic stressed at the start that all the elements of the so-called U.S. peace agreement were not yet precisely defined, but that the Contact Group plan, which envisages the territorial proportion of 51-49 percent—and the sovereignty of Bosnia-Herzegovina are the basis of the U.S. delegation's stance.

The plan contains seven elements, which were not detailed at the news conference. As Sacibregovic said, last night's talks concentrated on what the U.S. Administration is ready to do if Belgrade and Pale accept or reject the plan.

[Sacirbegovic] We can talk about new maps, about new realities, but none of this is so important without a new process which would bring pressure on those who have not accepted [word indistinct]. It is also important to provide for the process of implementation.

[Cumurovic] Muhamed Sacirbegovic stressed that he could not reveal certain details concerning the plan, but he said that more would be known about the essence of the plan on Friday [18 August] or Saturday, when the U.S. delegation is supposed to arrive in Sarajevo.

We can talk today about things that are generally certain, for example:

[Sacirbegovic] We still have 51-49 percent. We do not expect any great changes to the map, but if there are any changes to the map, then someone will have to justify that, tell us why: Is it to take into account the results of the genocide? The Americans have said that they would not accept the results of the genocide. Furthermore, Bosnia-Herzegovina is supported as a sovereign state, and its [word indistinct] institutions are preserved. Therefore, this seems to me very close to the Contact Group plan.

Last night no one put a piece of paper in front of my face and said: Here, this is the new map. We discussed certain details, for example Gorazde, and they insisted that we inform the public that the U.S. Administration was not exerting pressure on the Bosnian Government to give up Gorazde. We discussed what to do with Bihac, whether Bihac will have a corridor of its own. All these elements have not yet been sorted out, but I can tell you that what we all know approximately as the Contact Group map stays the same until someone can justify potential changes.

[Cumurovic] The fifth element of this plan is pressure. Also the future talks on the agreement will be held at the level of the three presidents—Izetbegovic, Tudjman, and Milosevic—and not on the Pale-Sarajevo line. This is the element, Sacirbegovic said, that makes this plan different.

This was all that could be heard at this news conference about the plan proposed by the U.S. Administration.

Hints at Military Assistance

AU1608164795 Paris AFP in English 1614 GMT 16 Aug 95

[FBIS Transcribed Excerpt] Sarajevo, Aug 16 (AFP)—Bosnia is not under pressure to give up an eastern enclave, Foreign Minister Muhamed Sacirbegovic said Wednesday [16 August], indicating that a new peace plan under discussion would offer stronger guarantees for Bosnia.

"Ambassador Holbrooke asked me to state to the press categorically that the U.S. is not pressuring our government to give up Gorazde, and of course we have said we will not," said Sacirbegovic, who met late Tuesday with Assistant Secretary of State Richard Holbrooke in Split, Croatia.

"What we will work on is how to make Gorazde more practical in terms of military, economic and political considerations," he said. [passage omitted]

The peace plan under consideration has not been publicly detailed, but would reportedly call for the division of Bosnia with one portion confederating with Serbia and the other with Croatia.

"It would be misleading to say that this map looks exactly like the old map," said Sacirbey.

There had been indications that the sweetener for Bosnia would be stronger guarantees of assistance should the Serb side, which controls some 70 percent of the country, violate the agreement.

Sacirbey hinted that some military assistance for Bosnia was likely in the offing.

"I think that the main focus will not be so much in territorial exchange, although of course there will be something in that area, but more on what needs to be done to compel the Serbian side to accept the plan, and how in fact will the Bosnian Government and its armed forces be provided the opportunity to continue to resist aggression."

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Meeting With EU Mediator Bildt Canceled

AU1708111495 Paris AFP in English 1046 GMT 17 Aug 95

[FBIS Transcribed Text] Sarajevo, Aug 17 (AFP)—The Bosnian Government said Thursday that it was pursuing a U.S. initiative for peace, but a meeting with European Union (EU) mediator Carl Bildt was scrapped Thursday.

The Sarajevo government is determined to follow up on a U.S. initiative, said Foreign Minister Muhamed Sacirbegovic, which would reportedly partition Bosnia into confederations with Croatia and Serbia.

Both Sacirbegovic and Spanish Foreign Minister Javier Solana said in a joint press conference here that the initiative was not yet a plan, but was in the process of being drafted.

But a meeting with Bildt was cancelled Thursday, because of conditions placed on the meeting by both sides, a diplomat said here. The diplomat declined to elaborate.

"We are concerned about some of Mr. Bildt's statements," said Sacirbegovic, who added that the Bosnian Government was not refusing to meet with Bildt. The foreign minister did not elaborate.

Delic, Turkish Envoy View Military Agreement

AU1708105195 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 17 Aug 95

[FBIS Translated Text] Army General Rasim Delic, commander of the General Staff of the Army of the Republic of Bosnia-Herzegovina, received Mr. Sukru Tufan, ambassador of the Republic of Turkey to our country, in Sarajevo today. During this meeting, views were exchanged on the current military-political situation in Bosnia-Herzegovina, the latest U.S. initiative on solving the crisis in Bosnia-Herzegovina, and the realization of the Split Declaration.

Ambassador Tufan expressed special interest in the situation in Bihac District in the wake of the most recent (?successes) of the 5th Corps of the Bosnia-Herzegovina Army. They also touched upon the realization of the recently signed agreement on military cooperation between the Republic of Turkey and Bosnia-Herzegovina, the Press Center of the Army of the Republic of Bosnia-Herzegovina reports.

Presidency Appoints 1st, 4th Corps Commanders

LD1608213695 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2000 GMT 16 Aug 95

[FBIS Translated Text] We have just received a report that the 293d Session of the Presidency of the Republic of Bosnia-Herzegovina, presided over by its president, Alija Izetbegovic, has been held today.

Based on proposals forwarded by the General Staff of the Bosnia-Herzegovina Army, the Presidency has decided on the following staff changes in the Bosnia-Herzegovina Army:

General Vahid Karavelic, hitherto commander of the Bosnia-Herzegovina Army 1st Corps, has been appointed chief of the Operational Planning Section of the Bosnia-Herzegovina Army General Staff. General Ramiz Drekovic, hitherto commander of the Bosnia-Herzegovina Army 4th Corps, has been appointed chief of the Political Section within the General Staff, which has until now been known as the Section for Morale.

Brigadier Nedzad Ajnadzic, hitherto commander of the 37th Division of the Bosnia-Herzegovina Army, has been appointed 1st Corps commander, while Brigadier Mustafa Polutak, hitherto chief of the Branch Management Section within the Bosnia-Herzegovina Army General Staff, has been appointed commander of the 4th Corps.

General Fikret Muslimovic, hitherto chief of the section for morale, has been appointed adviser for military issues at the Presidency of the Republic of Bosnia-Herzegovina; Gen. (Arif) Pasalic, section for inspection, has been appointed military attache in Germany. General Ramiz Suvalic, hitherto deputy Chief of General Staff of the Bosnia-Herzegovina Army, has been transferred to the Bosnia-Herzegovina Defense Ministry.

At today's session the Presidency decided on the retirement of a number of generals in the Bosnia-Herzegovina Army. Retired generals are: Rifat Bjelajac, Muharem Cetanagic, Fikret Jakic, and [word indistinct] Suljevic.

The Presidency heard a report presented by Bosnia-Herzegovina Foreign Minister Muhamed Sacirbegovic on his talks yesterday in Split with the U.S. President's envoys, Holbrooke and Frasure.

The Presidency also discussed other issues within its jurisdiction.

This has been a public statement from today's session of the Presidency of the Republic of Bosnia-Herzegovina.

Karadzic Confirms Talks Were Held With Bildt

LD1608203495 Belgrade SRNA in Serbo-Croatian 1907 GMT 16 Aug 95

[FBIS Transcribed Text] Banja Luka, 16 Aug (SRNA)—Radovan Karadzic, president of the [Bosnian] Serb Republic and supreme commander of the armed

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forces, confirmed today that representatives of the Serb Republic have had talks in Geneva with Carl Bildt, the EU international mediator for the former Yugoslavia.

"I can confirm the reports by foreign agencies that our people have been in Geneva and that they have had talks with Bildt and his team," President Karadzic stated after his visit to Kotor Varos today.

President Karadzic and Dr. Biljana Plavsic, vice president of the Serb Republic, today visited Kotor Varos and Teslic where, in talks with members of the war presidency and business officials in these municipalities, they acquainted themselves with the military and political situation in this part of the Serb Republic.

Speaking about the talks in Geneva, the president of the Serb Republic stated "that it is high time to work and cooperate with the Serbs."

"The international community is determined to see an end to the war and, if that happens, it can count on full Serb cooperation," added Karadzic.

The priority task, according to Karadzic, is "the defense of the country" and, he stressed, "the liberation of Grahovo, Glamoc, Kupres, and the Neretva valley."

"We are aware of our duty, which is to protect our state and prevent the creation of a greater Croatia," Karadzic said. He added: "The international community will adopt better solutions than the previous ones, but the Serb Republic representatives will not accept anything that does not imply the sovereignty and independence of the Serb Republic."

During the meeting with members of the Kotor Varos war presidency the president of the Serb Republic praised "the good husbandry policy" in this area, owing to which "the people and the economy have been preserved."

During the visit to Teslic, where he had talks with Colonel Dragomir Vejnic, commander of the second tactical group, and members of the war presidency of this municipality, the supreme commander of the Serb Republic armed forces said: "Teslic was never intended for anyone else but the Serbs, and the fact that the Muslims are attacking it proves that they are not respecting the maps."

"This is why we are defending Teslic and we shall be successful in our efforts," the president of the Serb Republic said.

Karadzic: 'Peace Could Be Signed in September'

LD1608131195 Belgrade SRNA in Serbo-Croatian 1145 GMT 16 Aug 95

[FBIS Translated Text] Belgrade, 16 Aug (SRNA)—Serb Republic President Radovan Karadzic has said he believes a new peace conference on former Bosnia-Herzegovina will be prepared by the end of the month. According to him, "peace could be signed in September."

"I expect September to be the month when peace will probably be signed, if what some governments are saying is true, but we can never be sure whether they are just deceiving us or are being serious," Karadzic said in an interview published in today's TELEGRAF.

He said that there has been no direct diplomatic information on the U.S. peace initiative which has also been endorsed by Moscow, but he hopes the international community will show that this was a war of its own making.

"The international community started the war in line with its interests; it kept the war going, and it can finish it in the same way—in accordance with its interests," Karadzic said.

"If some decisionmakers in the United States really care about ending the war," the Serb Republic president said, "it will be finished in a few weeks. If someone cares about prolonging it, they will prolong it in the easiest way by making unacceptable proposals to the Serbs."

Karadzic justified the appointment of Colonel General Ratko Mladic, commander of the main headquarters of the Serb Republic Army, to the post of adviser to the joint command of the Serb Republic Army and the Serb Krajina Army by the need to "unify the command over the two armies and to provide integral defense of all areas."

"On the other hand, I wanted to shake up and sober up those in our army who, so far, have evaded being punished for making certain omissions and to make every official aware that they will be accountable for all omissions, particularly for issuing some confused commands such as 'Withdraw,' which occurred in Krajina," Karadzic said.

"Fortunately, the situation here is much different from Krajina," Karadzic said adding: "We also received lateral blows and there have been attempts at destabilizing our political and state institutions and ushering elements of chaos into our political life; but we have withstood all this and our political and state leadership is united."

"On the other hand, our army was not idle for four and a half years as, unfortunately, was the case with the

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Krajina army. Our army is active every day," Karadzic said.

In his interview to TELEGRAF, he denied there is a serious conflict between himself and Gen. Mladic.

"There are no misunderstandings even, just mutual criticism. None of the 22 generals are against me or against our state, they just want Mladic to remain commander of the main headquarters," Karadzic said.

The Serb Republic president added that Mladic "should not be Milosevic's man" and that "he is much less so than people may think."

"Why should Mladic leave the position of being an outright winner for the position of those who have made wrong assessments and advocated wrong things," Karadzic said.

He confirmed that he personally gave his permission to the main headquarters and to Gen. Krstic to take Srebrenica assessing that this action was not the cause of Croatia's attack on Krajina.

Orders Troops To Defend Drvar

AU1708093595 Paris AFP in English 0922 GMT 17 Aug 95

[FBIS Transcribed Text] Sarajevo, Aug 17 (AFP)—Bosnian Serb leader Radovan Karadzic Thursday ordered his troops to defend Drvar, a Serb-held town in western Bosnia under attack from the Croatian army, the Bosnian Serb radio reported.

Karadzic was quoted as saying that Drvar was in danger of falling, but added that "the town must be defended at any cost."

Radio Pale had reported Wednesday that some of the population of Drvar had been evacuated because of the offensive.

The town is only 20 kilometers (12 miles) north of Grahovo, a western Bosnian town that the Bosnian Croat army captured in early August.

The Croatian Army dealt Croatian Serbs a serious blow by taking back most of the territory they held in May and August offensives.

Military experts here believe that the goal of the offensive in Drvar could be to push north toward Bihac, connecting the Bosnian government-held enclave with central Bosnia.

Serbs hold much of the eastern portion of the country.

Karadzic Says FRY Should Have Defended Krajina

LD1708133395 Belgrade SRNA in Serbo-Croatian 1254 GMT 17 Aug 95

[FBIS Translated Text] Banja Luka, 17 Aug (SRNA)—Radovan Karadzic, president of the Serb Republic and supreme commander of the Armed Forces, rejects the explanation that the FRY was not duty-bound to protect the people of the Republic of Serb Krajina [RSK] because it was the Socialist Federal Republic of Yugoslavia rather than the FRY that signed the Vance plan.

"The present Yugoslavia wants to be the legal successor to the previous, that is, the second Yugoslavia, in every respect except defense and protection of the RSK," the president of the Serb Republic said, adding that the moment Croatia interfered militarily and got involved in the war, Yugoslavia was duty-bound to help the RSK if not the Serb Republic.

Commenting in Banja Luka on the current military and political situation in the Republic, President Karadzic said that "we have achieved all our goals, reached our ethnic borders, and we are defending them very well."

"Our enemies should have three or four times as many soldiers as we have to defend ourselves," the president of the Serb Republic stressed, noting that Croatia's regular army became involved at the moment when the Muslim offensive was failing.

President Karadzic stated that since the beginning of the war in the former Bosnia-Herzegovina, Croatia has maintained a military presence and become brutally involved in the aggression against Kupres and later against Grahovo and Glamoc.

Serb Official Bans 'Resettling' of Non-Serbs

AU1708095795 Belgrade VECERNJE NOVOSTI in Serbo-Croatian 16 Aug 95 p 4

[Article by "Sl.P.": "Eviction of Non-Serb Population Banned"]

[FBIS Translated Text] Agencies and other organizations dealing with resettling families and the non-Serb population in the Serb Republic [RS] yesterday received an order by Gojko Klickovic, head of the staff for receiving refugees from the RS and the RSK [Republic of Serb Krajina], about banning this kind of "activity." The order has been written on the basis of an announcement issued by RS President Radovan Karadzic.

I order all agencies and organizations that deal in moving the non-Serb population and bringing families together to stop performing these activities as of 16

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August and until the order is terminated. The respective state bodies will take care that the order is complied with, Klickovic says further on in his letter.

Trebinje Serb Official Rejects U.S. Plan

AU1708085695 Belgrade TELEGRAF in Serbo-Croatian 16 Aug 95 p 4

["Exclusive" interview with Bozidar Vucurovic, "president of the Trebinje War Presidency," by Goran Rosic; place and date not given: "To the Croats, Dubrovnik's Hinterland; to the Serbs, Access to the Sea—The Croats Did Not Honor Gentlemen's Agreement From Two and a Half Years Ago"]

[FBIS Translated Excerpt] [Passage omitted] [Rosic] According to our sources, in the new plan for Bosnia, the Americans have envisaged that the Serbs should be given access to the sea in Konavle and the Croats a hinterland for Dubrovnik—Trebinje?

[Vucurovic] Ha, ha, ha.... I cannot help laughing. They are really funny, these Americans. So many maps have been drawn so far and—nothing. Those guys in the West are simply racing to see who will draw more maps. We are no longer interested in these plans. The border shall be wherever the soldier's boot steps. That is how the war will end. We shall not relinquish Serbian Herzegovina, and it is a great misfortune that Dubrovnik is no longer ruled by wisdom, as before, but by Ustashas.

Serb Radio Reports on Military Situation 16 Aug

AU1708135195

[FBIS Editorial Report] Banja Luka Srpski Radio Network in Serbo-Croatian at 1700 GMT on 16 August carries within its 35-minute newscast several reports on the situation in the Bosnia-Herzegovina and Croatia.

The studio announcer begins by saying that "the General Staff of the Army of the Serb Republic reported today that the Serb forces are successfully resisting the Croat attacks on the Grahovo-Glamoc front. Last night and this morning, Croat military formations launched a heavy artillery and infantry offensive from the Grahovo area towards Drvar, but Serb soldiers repelled the attacks, inflicting significant losses on the enemy."

Milka Tosic then reports from the Drvar front, saying that "the Army of the Serb Republic is in complete control of the Serb defense lines in the wider Drvar area. This town is still in the hands of Serb soldiers, and the claims of some foreign media that the regular forces of the Republic of Croatia entered Drvar are untrue. Though they are under heavy artillery fire, and over 4,000 shells have landed on our defense lines since yesterday, the Army of the Serb Republic is resisting these attacks. Due to constant artillery attacks, some people have been temporarily evacuated from Drvar to safer areas. Although a general alarm was in force in Petrovac today because of last night's artillery attack, there were no Ustasha attacks on civilian targets in this town today." She adds that last night, over 10 artillery projectiles landed in the wider Petrovac area, causing only material damage."

The studio announcer continues to report, saying that "Serb units are responding to the Muslim 5th Corps activity at Krupa na Uni, on the Grmec plateau, and above Ripac."

Borislav Djuric then reports on the situation on the Donji Vakuf, Kupres, and Vlasic fronts. He says that "the Srbobran [Donji Vakuf] front has been mostly calm for two days now, since the Muslim army, following total defeat, stopped launching offensives. However, Serb military sources report that regardless of what happened to them in the past several days members of Alija's army have been observed regrouping and bringing in fresh forces to certain areas." He adds that "the morale of the troops of the Army of the Serb Republic has been boosted by the recent brilliant victory, and any possible attacks will be repelled." Moreover, he says that "similar Muslim and Croat movement has also been observed on the Vlasic and Kupres fronts."

The studio announcer says that "the Serb forces promptly responded to the Muslim attacks on the Ozren-Vozuca and the Doboj-Trebava-Teslic fronts," while on the Sarajevo front since this morning "Muslim snipers have been targeting Grbavica I and II, Vrace, and part of the Lukavica-Pale road. The separation line between Lukavica and Trebevic was calm."

She adds that "the Serb military sources in Bileca have reported that the fighting on the southern parts of the Herzegovina front, in the surroundings of Trebinje, has subsided, but has not stopped. Since yesterday, regular Croatian forces have bombed civilians in the surroundings of Trebinje several times—the villages of (?Krajkovici), (?Mesar), and Jasenica. The Serb command believes that heavy fighting will occur on the Herzegovina front very soon."

Moreover, "the situation in eastern Slavonia is also very tense. The Vukovar Command of the Slavonia-Baranja Corps of the Serb Army of Krajina reported today that the Croatian side continued with infantry provocations, particularly towards the village of Tenja. The report adds that Slavonia-Baranja Corps units responded promptly to all the provocations, and there were no casualties among the Serbs."

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She also says that "the UN peace forces command in Zagreb reported today that a large-scale conflict may break out in eastern Slavonia soon, and the situation is becoming increasingly tense in the Dubrovnik area, too. Major Bridge stated at the press conference that, in eastern Slavonia, Croatian soldiers had taken control of or surrounded 12 UN observation posts in the separation zone."

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Tudjman, Granic Welcome U.S. Initiative

LD1608161495 Zagreb Radio Croatia Network in Serbo-Croatian 1500 GMT 16 Aug 95

[FBIS Translated Text] We have just received a report from our correspondent, Tihomir Vinkovic, who is in the presidential palace. After his talks in the presidential palace, Richard Holbrooke, U.S. assistant secretary of state, said:

[Holbrooke, in English fading into Serbo-Croatian report] The U.S. delegation explained to President Tudjman its views on the current crisis. We stressed President Clinton's conviction that the situation requires a decisive step forward. We listened to the standpoints of President Tudjman, Holbrooke said, and he announced that he would be visiting Belgrade tomorrow before returning to Zagreb, and he would also be visiting Sarajevo.

On behalf of President Tudjman and the Croatian delegation, Dr. Mate Granic, deputy prime minister and minister of foreign affairs, stated that he welcomes the U.S. initiative and that Croatia would cooperate fully in the peace process.

Tudjman on Resolution of Crisis, Serb Rights

LD1608163795 Zagreb Radio Croatia Network in Serbo-Croatian 1500 GMT 16 Aug 95

[FBIS Translated Text] A statement just in from the president's office:

Croatian President Franjo Tudjman received His Excellency Javier Solana, the Spanish minister of foreign affairs, and Mr. Hans van Den Broek, the European Union commissioner for east Europe, in the presidential palace today. Their talks were also attended by Hrvoje Sarinic, head of the president's office; Mate Granic, Croatian deputy prime minister and minister of foreign affairs; Defense Minister Gojko Susak; Government Minister Zlatko Matesa; Presidential Adviser Zeljko Matic; Presidential Cabinet Head [procelnik predsjednikovog kabineta] Gordan Radin; and Deputy Foreign Minister Ivo Sanader.

Their talks focused on further possibilities for the peaceful reintegration of occupied Croatian areas of eastern Slavonia and Baranja and the resolution of the conflict in Bosnia-Herzegovina. Solana expressed his conviction that it is possible to give a fresh impetus to the peace process at present. He expressed the European Union's support for the reintegration of eastern Slavonia and Baranja in the constitutional and legal order of the Republic of Croatia, the implementation of the Croat-Bosniak federation of Bosnia-Herzegovina, and the acceptance of a fair peace plan for Bosnia-Herzegovina.

The president of the republic reiterated that Croatia will continue to support the peaceful resolution of the crisis and the normalization of Croatian-Serbian relations on the basis of mutual recognition, but stated that he can never accept the occupation of eastern Slavonia and Baranja and that the Belgrade authorities and Croatian Serb representatives must abandon their imperialistic greater Serbian ideology.

The Republic of Croatia is ready to guarantee all ethnic and civil rights belonging to the Serb minority, providing the Serbs accept Croatian constitutional and legal order, the internationally recognized borders, and the democratically elected authorities of the Republic of Croatia.

Tudjman Statement on Talks With U.S., EU

LD1608182995 Zagreb Radio Croatia Network in Serbo-Croatian 1700 GMT 16 Aug 95

[FBIS Translated Text] Croatian President Franjo Tudjman has discussed the problem of occupied Baranja and eastern Slavonia and the ways of settling the crisis in Bosnia-Herzegovina with U.S. envoys Holbrooke and Frasure and EU representatives Javier Solana and Hans van den Broek.

As reported from the president's office, the meeting was attended by Hrvoje Sarinic, head of the president's office; Mate Granic, deputy prime minister and foreign minister; Defense Minister Gojki Susak; General Zvonko Cerveno, chief of the general staff of the Croatian Army Corps; Croatian Ambassador to UN Miomir Zuzul; adviser to the president Zeljko Matic; (?assistant) [pobocnik] to the president Major General Kresimir Kaspar, and another head of office Gordan Radin.

The talks focused on ways of peacefully reintegrating Croatia's occupied territories, eastern Slavonia and Baranja, and reaching an overall solution to the crisis in Bosnia-Herzegovina.

The U.S. delegation put forward details of its recent peace efforts and an interest in Croatia's views and the implementation of the Croat-Bosniak Federation.

The president of the republic supported U.S. efforts in finding an overall peace solution and halting the greater Serbian aggression in Croatia and Bosnia-Herzegovina.

The Republic of Croatia will continue to take part in the peace process and back any initiative calling for the peaceful reintegration of Croatia's occupied areas, but it can no longer accept any postponement.

The Croatian state authorities will continue to do everything they can to revive the Croat-Bosniak Federation, said President Tudjman.

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Demand for Peacekeepers on Borders With FRY

LD1608185995 Belgrade TANJUG in English 1814 GMT 16 Aug 95

["Pool" item]

[FBIS Transcribed Text] Zagreb, Aug. 16 (TANJUG)—Head of the Croatian president's office Hrvoje Sarinic said Wednesday Croatia demanded from the international community that U.N. troops who remain in Croatia be posted on the border with Yugoslavia and with Bosnia in sections controlled by Serbs.

Sarinic discussed the future status and reduction in the number of U.N. peacekeepers with U.N. special envoy for the former Yugoslavia Yasushi Akashi.

Croatia's troops on Aug. 4 launched an aggression against the Republic of Serb Krajina, occupying U.N.-protected sectors north and south. Sector west was occupied by the Croatian Army early May.

In all U.N. sectors, over 14,000 U.N. troops are deployed.

After the meeting Akashi told reporters that the situation in east Slavonia and Baranja (sector east) was tense, with sporadic exchanges of artillery duels.

Akashi said that now intense fighting was unlikely. In fact, he said, there were certain 'contacts' between the two sides near Osijek and in the southern part of sector east.

The situation in the Dubrovnik area is extremely tense and fighting is likely to continue, Akashi said.

UN Envoy Views Division of Bosnia-Herzegovina

AU1708102695 Zagreb GLOBUS in Serbo-Croatian 11 Aug 95 pp 7-8

[Interview with Miomir Zuzul, Croatian ambassador to the United Nations, by Davor Butkovic; place and date not given: "UN Security Council Has Already Drafted Very Sharp Resolution Against Croatia, but It Does Not Envisage Sanctions"]

[FBIS Translated Excerpt] [Passage omitted] [Butkovic] What is Croatia's position on the definitive solutions? Does Croatia favor an integral Bosnia-Herzegovina, or a Bosnia-Herzegovina that will be divided between the Croat-Bosniak Federation, which will, naturally, become a part of Croatia, and the Serbian segment that will become a part of Yugoslavia?

[Zuzul] Three equally important factors influence a lasting solution for Bosnia-Herzegovina. The first factor is the balance of power between the Croats and the Bosniaks on one hand and the Serbs on the other.

The second factor is the aspirations of all three peoples, while the third factor is defined by the international circumstances.

Regarding all these factors, both the options that you mention are now possible.

[Zuzul] I am afraid that a part of the international community wishes Bosnia to be divided. This means that it is possible, although we do not wish this and we are not pursuing a policy that would lead toward an alteration of the Bosnia-Herzegovina borders that would be acceptable for the Croats.

I repeat, I am not saying that I want a change of the Bosnia-Herzegovina borders, nor am I saying that this is in the Croatian national interest, however, this is one of the realistic options on which a part of the international community is currently working.

[Butkovic] What will Croatia do if the Bosniaks reject such a division of Bosnia?

[Zuzul] Croatia will not accept any solution for Bosnia-Herzegovina that the Bosniaks would reject. Let us be frank, Croatia has done more for not only the Croats, but also the Bosniaks in Bosnia-Herzegovina than all other countries together. [passage omitted]

UN Says Croats Loot Serb Villages in Krajina

AU1708152395 Paris AFP in English 1423 GMT 17 Aug 95

[FBIS Transcribed Text] Zagreb, Aug 17 (AFP)—The United Nations Thursday [17 August] accused the Croatian army of pillaging and burning Serb villages in the previously Serb-held region of Krajina in an attempt to make the region unlivable for Serbs.

"The picture which is emerging is of widespread and systematic looting and destruction of homes and property by the Croatian army," UN spokesman Christopher Gunness said in Zagreb.

The UN highlighted the high degree of vandalism in the region of Knin, the former capital of the breakaway Croatian Serbs, which, along with the rest of Krajina, fell to the Croatian army earlier this month.

"We believe that these actions were systematic," Gunness said, adding that houses had been pillaged in broad daylight, and that watching Croatian police had not intervened.

Witnesses' descriptions reported by the UN contradicted official Croatian positions claiming that Serbian communities that have been in Krajina for centuries are welcome to stay.

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Gunness cited reports from human rights observers who saw entire sectors of Krajina on fire and said houses in the region of Kistanje were still on fire.

"Dozens of fire locations were observed," he said.

Entire localities have "become virtually unlivable," he said.

Gunness said harvests, animals and agricultural material had also been destroyed.

Fate of 10,000 Serb Krajina Refugees 'Unknown'

LD1608184095 Belgrade TANJUG in English 1714 GMT 16 Aug 95

["Pool" item]

[FBIS Transcribed Text] Belgrade, Aug 16 (TANJUG)—The fate of about 10,000 Serb refugees from the Republic of Serb Krajina, who had been heading for Yugoslavia through Croatia's territory, has been unknown for four days.

Several sources, including U.N. personnel, have confirmed that the column of displaced persons who had departed from Topusko disappeared without any trace on August 12. Since Croatian authorities have not allowed access to the area to U.N. peacekeepers or other observers, it is feared that the refugees were attacked. Besides women, children and old people, the column comprised disarmed Serb Krajina soldiers.

Yugoslav Foreign Minister Vladislav Jovanovic sent a letter of warning Tuesday to the special envoy of the U.N. secretary-general, Yasushi Akashi, asking him to mediate with Croatian authorities to allow free passage to tme refugee column to the Federal Republic of Yugoslavia.

According to the latest, still unconfirmed reports, the column might be somewhere near Slavonski Brod, but no information is available on whether anyone is taking care of the exhausted refugees or on the reasons why they were forbidden to continue on their way to Yugoslavia.

Belgrade daily NASA BORBA writes that another column of about 6,000 refugees, believed to be near Kostajnica, might also disappear.

Mihanovic: Serbs Want To Leave Croatia

AU1608192295 Zagreb VJESNIK in Serbo-Croatian 13 Aug 95 pp 2-3

[Interview with Dr. Nedjeljko Mihanovic, chairman of the Croatian House of Representatives, by Aleksa Crnjakovic: "Let Those Who Want To Return Do So"]

[FBIS Translated Excerpt] *We happened to find Dr. Nedjeljko Mihanovic, Chairman of the House of Representatives, in his cabinet, immediately after his return from Knin where he had gone after having had only four days of vacation. He was as happy over the final reintegration of previously occupied areas into the legal system and constitutional order of the Republic of Croatia, as he was appalled by the courtesy now being expressed toward the population of the rebel areas. One should be gracious and generous, Chairman Mihanovic says, but one's freedom must not be curtailed, which means that everybody should be allowed to go undisturbed, without excessive appeals to stay in the state whose laws they do not observe.*

[Crnjakovic] Before you explain what precisely bothers you, tell us how you felt when you heard that Knin had been liberated? You were on vacation, which means there was a total conspiracy.

[Mihanovic] For five years, in all possible ways, starting from numerous peace initiatives, appeals, and declarations, to economic agreements and resolutions, we had been trying to reintegrate the occupied areas, and it did not work, because the other side arrogantly refused all our proposals. The only thing left for us was our military force which, it seems, everybody recognizes. [passage omitted]

They Have Chosen To Flee Croatia

[Crnjakovic] What is the role of the Croatian Parliament now as a legislative body? What is it to do now?

[Mihanovic] The Parliament has an eye on the democratic system of all Croatia, as well as on the introduction of the constitutional order and legal system of the Croatian state into recently liberated areas, in line with international standards and based upon democratic principles.

[Crnjakovic] Is that possible, in such conditions with practically no population?

[Mihanovic] The president of the state, Dr. Tudjman, has sent a message to the Serb population to remain in their homes, of course, on condition that they surrender their weapons. Meanwhile, members of any nation, that is ethnic community, have the right to decide independently where and how they will live. They have

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chosen to flee Croatia. They have voluntarily decided to leave Croatia on a massive scale. I would tolerate that decision, because I think that every man has a right to decide freely on where to live. Essentially, there was no persuasion at all from our side.

[Crnjakovic] And what if the individuals among them put them to flight?

[Mihanovic] I do not accept the thesis that three criminals, rebels, could decide in the name of all the others. It was not the three of them going from house to house and forcing people at gunpoint to leave their homes! Have you seen on TV that even Martic had left his old aunt? No, I think that it was the decision of the majority of the Serb population. The freedom of decision represents the essence of man, so we have to accept such a decision by them. That is one of the forms of their national self-determination, which we must take into consideration and respect. I will remind you of Milan Babic's statement, made in 1990 when the tension had only started, before the rebellion. The representatives of Raskovic's SDS [Serbian Democratic Party] were in the Parliament then.

"We from Krajina will either live in Yugoslavia, or create our own state, and if we do not succeed in it, we will emigrate on a massive scale."

He was threatening, having in mind emigration to the West, not to the East. They have made their threat come true. They could neither integrate Krajina into Yugoslavia, nor succeed in realizing their absurd and fictitious wish to have their independent state, so they moved out—nevertheless to the East. The majority of the population of Krajina cannot stand the Croatian state; they do not want to live in it. Perhaps they will say now: "Croatia is my homeland," but you will not hear them say: "Croatia is my state." That does not satisfy me. They have to accept the state and its laws, the whole mechanism of the state authority (judicature, police, army), and not experience this country merely as native soil. Nobody lives in the state he hates. We should not influence the consciousness and the mood of those people to the extent to which we already do. If they the accept Croatian state with hatred, why should we psychologically terrorize them? If they do not want to live in that state, why should we implore them, or persuade them? One should not set limits to a man's personal freedom to live where he wants to live, where he can satisfy all his aspirations, from political, to material or cultural ones. Therefore, I repeat, we should not insist the fugitives return.

Karadzic Threatens

[Passage omitted] [Crnjakovic] I see that you do not use the term "exiles." Why?

[Mihanovic] Because they have not been banished, because they themselves have chosen to leave, so, therefore, they are "fugitives." They were neither saving their own lives nor leaving head over heels, with a little bag in their hands, frightened that they would be killed on the threshold of their home, as happened to a half million Croats expelled from their Croatian homes by the Serb aggressor. The Croats from Knin did not flee riding tractors, trucks, and private cars loaded with personal belongings. They were robbed; they were saving their lives, leaving their cars and property. It was the same way the Curds, Vlachs, Anatolians, Tzintzars, Bulgarians, Greeks, and Serbs arrived in Croatia 300 years ago as fugitives—fleeing before the Turks, they are fleeing again as fugitives, but now of their own will. [passage omitted]

Stronger Pressure From the International Community

[Crnjakovic] Should a certain number of people return at all, it is absolutely certain that in the districts of Knin and Glina the ethnic structure of the population before the war will be changed. The Parliament has adopted the law on national minorities, but in different circumstances and based upon 1981 census. What now? Will this law be recalled? Are any special bylaws needed now?

[Mihanovic] Those who want to return in a well-intentioned, conciliatory manner are welcome, but, I repeat, we have to be cautious in order not to have back those who will terrorize and cause chaos. We must not accuse only two or three war criminals, because they themselves, without support from the majority, would not be able to commit all the atrocities, kill, loot, destroy, burn. We are talking about a large number of war criminals. Had it not been for a widespread national will of the Serbs from those regions, who have opposed the Croatian state, the three of them would not be able to keep the people in obedience for five years. So, we have to be very cautious when we receive those who return. Only then, when everything calms down, should we take census, determine the number of Serb national minority members and determine their status, such as other national minorities in Croatia and minority members in all other European countries have.

[Crnjakovic] What was your reaction when you saw on television that our authorities, after having disarmed them, released the members of Serb paramilitary formations and let them leave Croatia, although according to

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all international norms they should be regarded as prisoners of war, and probably war criminals?

[Mihanovic] In these circumstances, we have really been under heavy pressure from the international community which observes us unfairly and too suspiciously. If we had kept the prisoners of war, we should have put them into some kind of camp, because we cannot put them into hotels, and then the foreign media would start to compare that to Manjaca. Malicious and spiteful, as it is, the international community would start nit-picking, would accuse us of setting up concentration camps; they would keep on with the accusations of the Croats—Ustashas. What happened here has not been seen in any war so far: we have to release members of not some legal army, but terrorist, paramilitary formations, for whom we cannot be sure that they will not return and organize terrorist actions. No country in the world would let terrorists go, and it is known how a country should treat prisoners of war. Remember the English behavior toward the Argentines in the Falklands. Many a captured Argentine stayed forever in the Falklands. They were put in front of a firing squad although they were members of the legal Argentine Army.

[Crnjakovic] Will the Serbs in Knin and Glina have special status?

[Mihanovic] If there are less than eight percent of them, according to constitutional and international law, there is no need for that. If the majority of the Serbs emigrated because they do not recognize the Croatian state and cannot stand the Croatian flag fluttering over the Knin fortress, we cannot give more rights to that minority than to the Italian or Hungarian minorities. However, I repeat, we will apply the highest European democratic standards, because, you know, we cannot send our emissaries to change the preformed consciousness of rebel Serbs. Let them live there where they feel happy. Why make them unhappy? It would be the same if we put different kinds of pressure on Croatian emigrants in the world to make them return and improve the demographic picture of Croatia. Regardless of our interests, we have to respect the will of individuals to live where they want to live. In addition, we cannot make our displaced persons return to Knin by force. Let us be democrats, let us behave in a democratic way toward the choice of every man and ethnic community within the constitutional and legal framework and laws of the Republic of Croatia.

Opposition Parties Prepare for Election

95BA0312C Zagreb VJESNIK in Serbo-Croatian 20 Jul 95 p 4

[Article by Josip Antic: "Disorder in the Window Dressing in Advance of the Election"]

[FBIS Translated Text] To enter the election alone or in a coalition? To bring down the HDZ [Croatian Democratic Union] by combined forces of the opposition, or independently to enter the Croatian Assembly, and then a coalition? To remain in the opposition or enter into an alliance with the party now in power? On those and similar questions, even before President Tudjman in Australia, far from voters in the homeland, sketched out the possible rules of the upcoming election, the leadership bodies of the Croatian parties took their stance, and judging by the reactions up to now, only the HSP [Croatian Rights Party] is determined (some would say, hastily) to go before the voters independently in a competition for the seats in the parliament. To be sure, a similar statement—"We are entering the election alone"—was also recently launched by the leaders of the SDP [Social Democratic Party], but with an equally important caveat: "Unless cooperation within the opposition is more correct." All the other parliamentary parties are less inclined to early declarations, remarking that the upcoming parliamentary elections are still an equation with several unknowns.

That is, it is not known whether the election system will be based on majority, proportion, or mixed. When will the election law be amended, and how? By how much will the present prohibitive clause of 3 percent for entry into the parliament "jump"—to 7, 10, or 5 percent? When will the elections be held: in the fall, in the spring of 1996, or perhaps later? Or will there be an early election, because perhaps in the 25 July session of the Assembly the rebalanced budget will not pass, which would also mean the fall of the government, as is being whispered in opposition corridors?

Coordination Is Not Coalition

Along with those unknowns, with which the incumbent party can take them by surprise, the opposition parties also share a common question with the HDZ: How much weight do they really carry with the voters? Studies of the electorate are being commissioned in that connection, and the one commissioned by the opposition is supposed to be ready by this fall. In the meantime, speculations are multiplying.

What, however, is more or less certain is that the greater part of the opposition is determined through the Coordinating Committee of Opposition Parties To

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Oversee the Election (KOSPI) to oversee its regularity jointly, because they are convinced that "the HDZ will not permit a clean election." What has reached the public over slightly more than the last month are the demands of the opposition to amend the election law. The main demand is that multiparty election commissions be introduced and also a second round for those elections subject to the majority system. But that kind of opposition trust, which, it is asserted, would, in practice, involve about 20,000 election observers, is of a technical nature and does not include what would be called a political election coalition.

As far as that is concerned, it seems that Tudjman's hint in Australia about increasing the prohibited percentage for entry into the Assembly, which would signify reduction of the parliamentary scene to three or four parties, has defined the ways in which coalitions can be organized. Incidentally, even without an election the incumbent party is reducing the parties—in the last month, it has been sucking up parts of the HNS [Croatian People's Party] and Babic's marginal HDSS [Croatian Democratic Peasant Party].

The HSS on Its Own, With the Liberals, or With the HDZ?

If the president's announcements are borne out, then the so-called small (regional) parties will be forced into a coalition if they want to get into the Assembly, but so will those that cannot attain the necessary, say, 5 percent of the vote because they are spread thin over the homeland.

For Croatia, nevertheless, the far more important negotiations are those that could change the face of Croatia—they will be conducted, however, between no more than five parties: In addition to the incumbent HDZ, they would be the HSP and SDP, which have said that they would go into the election independently; we should mention what is at the moment the strongest opposition party—the HSLS [Croatian Social Liberal Party]; and the HSS [Croatian Peasant Party], which, according to many, is the "tongue on the scale of the Croatia of the future." The latter party, in alliance (before and after the election), would gladly see itself joined by the Liberals and the HDZ. The peasants, however, through the words of their president, Tomcic, have emphasized several times that nothing is going to come of cooperation with the HDZ, and that if the present election law remains in effect, then they will "certainly" enter into a coalition with the Liberals, and "potentially with the HNS and HKDU [Croatian Christian Democratic Union]." In case of a proportional system, the HSS will opt for an independent campaign, with a coalition possible after the election. To this brief survey of "who's who" in the next election, we certainly should add the trade unions, because they are announcing that they will take part in hitching up for a place in the Assembly, which in view of the increasingly grave social situation is no wonder.

But regardless of the coalitions or independent campaigns, what interests the voters much more than the equation of the election engineering is an alternative to the incumbent party that has been well-thought-out, is coherent, and is stated clearly. In that sense, whatever people might think about the successes and failures and founded or unfounded triumphalism of the HDZ, the window dressing of the opposition in advance of the election is still quite confused. It is another matter (an election issue) that in no case is this at the same time a compliment for the HDZ.

Serbs Said Provoking Clashes on Montenegrin Border

LD1608200295 Zagreb HTV Television in Serbo-Croatian 1730 GMT 16 Aug 95

[FBIS Translated Text] Serbs, who for days now have again been shelling the southernmost part of Croatia from the area of eastern Herzegovina, have extended the area of their provocations: Now, by targeting Montenegrin positions on the border, they wish to provoke clashes on the Croatian-Montenegrin border. We have more on this from Vedren Benic:

[Benic] While Radio Montenegro reports that the situation in the Dubrovnik area is becoming exacerbated—and this is the fault of the Croatian side—these pictures today show something completely different. This is a patrol boat of the so-called Federal Republic of Yugoslavia which entered deep into Croatian territorial waters today, and there it remained for quite a while. The Croatian police who are guarding the border with Montenegro could have reacted but refrained from doing so in order not to be taken in by such transparent provocations.

At the same time Vucurevic's [Trebinje] chetniks, for their part, once again tried to provoke a clash on the Croatian-Montenegrin border. They tried to hit Montenegrin border positions in the hills above Vitaljina, the southernmost village in the extreme south of Croatia. Similarly, on Saturday Radio Montenegro spoke of some kind of artillery attack on the territory of Yugoslavia from the Konavli region, which was allegedly carried out by the Croatian Army.

In connection with today's provocations, in view of the fact that they took place in a demilitarized zone, Croatia reported all this to UN military observers.

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Hand-to-Hand Fighting on Dubrovnik Front

LD1708111395 Belgrade TANJUG Domestic Service in Serbo-Croatian 1001 GMT 17 Aug 95

[FBIS Translated Excerpt] Bileca, 17 August (TANJUG)—Fighting in the Trebinje section of the Herzegovina front today continued with unabating ferocity; in certain areas infantry forces are engaged in hand-to-hand fighting, a statement released by Serb military sources in Bileca says.

Late yesterday afternoon soldiers of the Herzegovina corps managed to regain two hills between Trebinje and Dubrovnik. Heavy losses in manpower were inflicted on the regular Croatian forces in close infantry fighting, the statement adds. [passage omitted]

The Serb command today sent an appeal to the citizens of Dubrovnik saying that it is only them who can save their town from destruction. If they wish to they should prevent any possible attempt at the shelling of Trebinje. As much as artillery fire gets closer to Trebinje, so much it will get closer to Dubrovnik, the appeal says.

Additional Croatian forces are still being brought to the Trebinje-Dubrovnik front, which the Serb command has assessed as unnecessary. It would be far better if they withdrew from the municipality of Trebinje which they occupied three years ago; as for the Serb side, there will be no fighting after that, the statement says.

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Defense Committee on Troops in Former Yugoslavia

LD1608154495 Warsaw Polskie Radio First Program Network in Polish 1300 GMT 16 Aug 95

[FBIS Translated Text] The Council of Ministers Committee for Defense Matters has discussed the situation of Polish troops of the UN contingent in former Yugoslavia and the implementation of the treaty on conventional arms reduction in Europe.

[Correspondent Marek Kassa] It was stated after the meeting that decisions concerning possible withdrawal of our contingent from former Yugoslavia depend on a UN position on the issue. It was considered important that, for the moment, our troops are not in danger.

As regards the disarmament issue, Deputy National Defense Minister Andrzej Karkoszka said that Poland will complete the implementation two months ahead of a deadline provided by the treaty.

Chief of General Staff Tadeusz Wilecki said that politicians and journalists have attempted to involve the military in political affairs, and his speech on Polish Army Day is destined to draw attention to the problem. He refused to be more specific in his criticism.

Internal Affairs Minister Andrzej Milczanowski said that he will adopt a position concerning electioneering in Vistula military units of the Ministry of Internal Affairs after a report of the commission appointed by him is ready. Marek Kassa reporting from the Council of Ministers Office.

Partnership Agreement Signed With German Navy

LD1608115095 Warsaw Polskie Radio First Program Network in Polish 1100 GMT 16 Aug 95

[FBIS Translated Text] A first agreement on partnership between Polish and German navy units was concluded today in Warnemuende in northeastern Germany. The agreement was signed by Rear Admiral Stefan Kasperkowiak and Commodore Hubert Hass, the commanders of the Eighth Flotilla of Coastal Defense in Swinoujscie and the Second Squadron of Torpedo Boats in Warnemuende, respectively. The ceremony was attended by Zbigniew Wojciech Okonski and Volker Ruehe, the two countries' defense ministers, who assured that Germany would do everything for Poland to join NATO.

Cardinal Glemp Warns Against Joining EU

WS1608142795 Warsaw ZYCIE WARSZAWY in Polish 16 Aug 95 p 1

[Article by "CEG": "To Which Europe? At Jasna Gora, Primate Glemp Highly Criticized the Poles Striving To Join the EU"]

[FBIS Translated Text] "Entering the EU is a beautiful thing, but it involves not only politics. The church also perceives it as a moral issue and warns against turning citizens into lay figures at the price of entering the rich proprietors club," Primate Jozef Glemp said yesterday to over 100,000 pilgrims in a homily delivered on the occasion of the Assumption of the Virgin Mary holy day at Jasna Gora.

In his sermon, the primate decidedly warned against the enthusiasm regarding the EU. Cardinal Glemp thinks that the price of joining the EU may be the loss of national identity. "There are two ways for the poor to enter the group of the rich. The first is to make an impression with their character, diligence, and personality. The second is to get rid of their character, their clothes, and their way of life, changing into compulsory full dress or jeans and imitating everything that makes a man rich," the primate said.

"Today it is possible to dominate countries not only with arms but also with economic activities," the primate warned. "I know of instances in which someone who wants to buy an enterprise first ruins it and later buys it for almost nothing."

In the cardinal's opinion, such situations also take place in international relations. "We could find ourselves in a situation when some people might say: 'Take us under your wing, and we will make everything resemble you in every way,'" the primate warned.

Earlier in the morning, after the exposure of the miraculous picture of the Holy Mother, the pilgrims had sworn:

"In my desire to carry help in the defense of the unborn, I vow that from 15 August 1995 I spiritually adopt one child whose name is known only to God, in order to pray for nine months to save its life and for a just and righteous life from its birth."

Oleksy: Walesa Wants Control of Key Sections

LD1708115295 Warsaw Polskie Radio First Program Network in Polish 1005 GMT 17 Aug 95

[FBIS Translated Text] Prime Minister Jozef Oleksy sees yesterday's decision by the president to veto the law on the minister of national defense as an example

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of Lech Walesa's aspiration for direct supervision over, as Oleksy put it, specific sections of the state administration. Before departing for the Czech Republic, the prime minister said that he has not familiarized himself with the justification of the presidential veto:

[Begin Oleksy recording] I still have no text of the justification, which to me is most important. The veto expresses Lech Walesa's permanent aspirations to establish the presidential system, including direct supervision over specific sections of the state administration. [end recording]

Prime Minister Jozef Oleksy said yesterday's statement by Deputy Finance Minister Elzbieta Chojna-Duch on holding up the third pay rise for public sector was too hasty. The prime minister stressed that any decision on this issue will be made by the government and not by the Ministry of Finance.

[Begin Oleksy recording] Ms. Chojna-Duch was too hasty on the issue. I want to stress that the Finance Ministry does not make decisions on such matters. These decisions are made by the government.

Ms. Chojna-Duch somehow specified the Finance Ministry's worries connected with budget funds, but this does not mean the government's withdrawal from what has already been decided. This signal gives me reason for concern, too. I was not told earlier that there is such a lack of funds for implementing this important decision and I would say that I will resolutely insist that the pay rise is implemented. [end recording]

Jozef Oleksy announced that he will meet with National Defense Minister Zbigniew Okonski to discuss the statement by Chief of the General Staff Tadeusz Wilecki, who accused some politicians and the media of acting to the detriment of the army.

Walesa: No Joint Right-Wing Presidential Candidate

WS1608142695 Warsaw ZYCIE WARSZAWY in Polish 16 Aug 95 p 3

[Article by Piotr Smilowicz: "I Will Fight Because I Know My Failures"]

[FBIS Translated Text] *Lech Walesa rules out the right-wing camp fielding one common presidential candidate. "It is programs which will decide. I believe that you are pragmatic people and will pay for work pragmatically," he told residents of the town of Radzymin yesterday.*

"Nothing will come out of it, because everyone considers himself the best," President Lech Walesa said responding to an appeal by one female participant at his meeting with Radzymin residents to field one rightist candidate for president. "If I actually run, I will fight, because I know my failures. I would like to give back what was taken from us. I could not do this earlier, because the partner was dangerous and strong, so I had to approach this fight in an evolutionary way," he added.

As early as Monday, in an interview with TAI [Television Information Agency], Walesa criticized Solidarity's proposal to withdraw his candidacy and head the Independence Bloc.

"It is bad when a father is being instructed by his children. Therefore, it is better for them not to do this, because they have already demonstrated their vast incapability on several occasions, and all of us have paid for this. I know what I have to do," he said.

He urged Radzymin residents to take part in the elections.

"Those who care little about Poland will surely vote," the president argued.

When asked about unemployment and support for the town, he asserted that jobs and money are available, adding "this must be done a lot to catch up with the West," and "we have a lot of dollars, only we are not able to spend them properly. Therefore, the key to success lies in social activity, not in accepting charity from the rulers."

"It is necessary to support self-government and it is necessary to quickly privatize the country to take better care of the fatherland, because it is not taken good care of by those at the top," he appealed.

He also explained why he does not want to cooperate with the ruling coalition. "It is impossible to harness an elephant and an ant in one team, because the elephant will tread on the ant," he said.

Walesa assured, however, that he will not lead a brutal campaign and "will not allow politics to become dirty."

Despite his cold, Lech Walesa readily answered questions from Radzymin residents. "I am ailing, but I am not yet going to rest at a cemetery," he said when the chairman of the meeting announced its windup to enable the president to attend celebrations at the Radzymin cemetery.

Generals Gather Military Support for Walesa

WS1708090795 Warsaw GAZETA WYBORCZA in Polish 16 Aug 95 p 1

[Article by Jerzy Jachowicz and Pawel Wronski: "The Generals' Campaigning"]

[FBIS Translated Text] *The highest ranking generals from the General Staff have been recently meeting with*

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cadres at military units and "talking about the internal situation in the country." The conclusion of those talks is: "You should vote for Lech Walesa."

One of such meetings was held on 27 July in Szczecin. Participants included, among others, deputy chief of the General Staff General Leon Komornicki and chief of staff at the Pomeranian Military District General Roman Dysarz.

General Komornicki, to the applause of the cadres of nearly the entire Szczecin garrison, totally criticized the current rule of the leftist coalition and previous Solidarity governments for their policies toward the Armed Forces. He said they are playing a game that is making Poland almost defenseless.

Komornicki claims only the determined efforts of head of General Staff General Tadeusz Wilecki and President Walesa allowed a considerable raise in officers' salaries (for higher ranking commanding cadres these raises were 66 percent, for noncommissioned officers—approximately 13 percent).

General Komornicki also promised at the Szczecin garrison that if Walesa wins the presidential elections, similar raises will be possible in the future. The victory of any other candidate would be a catastrophe for the Armed Forces.

"The propaganda was so pushy that I sent a protest to the Defense Ministry. You can say something like that at your aunt's tea party, not at a meeting with cadres," one of the officers told us.

We were unable to reach General Komornicki. He has left for a holiday.

Speech by Gen Wilecki Marks Armed Forces Day

WS1708081995 Warsaw POLSKA ZBROJNA in Polish 16 Aug 95 p 2

[Speech delivered by the chief of the General Staff of the Polish Armed Forces, Lieutenant General Tadeusz Wilecki, on 15 August at Warsaw ceremonies commemorating Polish Armed Forces Day: "Strong Armed Forces—A Stable State"]

[FBIS Translated Text] We are celebrating Polish Armed Forces Day on 15 August for the third time. Due to the national remembrance that has not been wiped out and a ruling passed by the National Assembly, we have revived a beautiful tradition of the Second Republic of Poland.

This year, the anniversaries of two extremely important historical events history coincided. Seventy-five years ago, at this time, Marshall Jozef Pilsudski made his final decisions and issued orders. On the next day, at daybreak, a Polish counteroffensive was launched against the Bolsheviks. The great battle of Warsaw began. Historians claim it saved Poland and Europe, and deserved to be called "the 18th most decisive battle in the world." It is known as the "Miracle on the Vistula."

We are realists—it was no miracle. The battle of Warsaw was carried out according to an ingenious strategic plan. It was accompanied by a huge effort of the whole nation and great sacrifice, courage, and valor on the part of the Polish soldiers who defended their reborn homeland. The miracle was that a weak, fledgling state was capable of uniting all forces, the whole nation, and decisively resist the aggressors and win.

The second anniversary marks 50 years since the end of the cruelest war in Europe—World War II. The Poles fought on its fronts from the very first day to the last, at home and abroad, in the East and West, on deserts and oceans, in the depths of the seas and in the boundless skies, in regular armed forces, in guerrilla units, and in the underground. They fought for the endurance of their nation, for "your freedom and ours." They marked their presence in the final acts of that war—in the siege of Berlin.

What connects those two events? What makes us, soldiers of the Polish Armed Forces, the heirs and successors of the heroic victors of the battle of Warsaw and the Berlin victory look at the achievements of our forefathers with reverence?

Both were our huge Polish victories in a fight against totalitarian regimes. Without those victories, Poland could have never entered the road toward independence, sovereignty, and democracy.

That is the road we are on now. We are following it with haste. We are going toward a free market, democratic, economically united and safe Europe.

The world around us has changed significantly. Until recently, we had only three neighbors. Now we have seven. Consistently implementing the provisions of the Polish security policy, we are living in harmony with each of them; we want friendly relations, cooperation and collaboration with each of them.

Polish aspirations for integration are not directed against any of our neighbors. For three years now the Polish Armed Forces have been implementing the Partnership for Peace project which is the first step toward adapting our defense structures to European standards. We are doing a lot within the Armed Forces so that Poland can join the Western security structures as soon as possible.

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The Armed Forces—"from the nation derived and serving the nation"—facilitates the establishment of a civic society and a democratic state.

The Armed Forces of the Third Republic of Poland have now been reborn in a new form. The Armed Forces have shaken off the ballast of ideology. They are and wish to remain politically neutral, nonaligned, keeping the same distance from all parties.

All they want to do is to protect the Polish raison d'etat, observe the Constitution, and obey the democratic state. There are and will be no campaigners or party activists trying to win support for "the only right ideas" in the training grounds or in the barracks.

The Polish Armed Forces are neither "red" nor "black" nor "green."

They are white and red, like our national symbol. They are devoted to Poland, body and soul.

The Polish Armed Forces have proven this to the nation and all the political forces in the most difficult period of a radical transition of the system in our most recent history.

The Armed Forces were also undergoing a transformation at the time, yet they had a stabilizing effect; they fortified the democratic government, guaranteed internal and external security. They solidly shielded the transformation of the system. The nation trusts the Armed Forces. The Polish Armed Forces continue to enjoy an unwaning social support; it is even loved by the Poles.

This makes us very happy and inspire us.

From the deepest hearts of Poles, from the nation's care for "its own Armed Forces" a forest of traditional battle banners has grown in our military units—these banners revived our thousand-year traditions.

Social trust toward the Armed Forces is clearest in cooperation and in the everyday life in the garrisons. We thank our society for its trust and support!

At this historical site, in front of the Tomb of the Unknown Soldier, at the monument to Marshall Jozef Pilsudski, looking back at our history we mut also remember two bitter truths.

The first of them is that, in times of trial, the Armed Forces defend the nation! Strong Armed Forces mean a stable state.

The second truth is that a weak defense system, the lack of well-trained and well-equipped Armed Forces may cause the downfall of the state. This is a fact well known by Poles from the generations of Tadeusz Kosciuszko and the authors of the 3 May Constitution, because there were no Armed Forces to protect the fledgling Republic of Poland. A modern and felicitous concept proved defenseless at the time.

And now?

Reductions have been carried out within the Armed Forces for 10 years now. The political directive that "the Armed Forces should be smaller but more modern" is being implemented only in its first part. The Armed Forces have, in fact, been cut in half, yet modernization has been forgotten. Declarations and even resolutions are not being fully realized. Under the circumstances, it is impossible to develop a credible project for developing the Armed Forces, a project of their modernization. Adapted to the changing needs and conditions and based on the domestic arms industry, it should provide for the strength of our Armed Forces and of our state.

Why am I saying this on the very festive day of the Polish Armed Forces? I am saying these bitter words in public because in the bustle of news induced by some politicizing circles and the media that obey them on issues pertaining to our defense, every voice of reason and political prudence goes unheard. They are disfiguring the image of the Armed Forces, calling them a structure resisting reforms or civilian control.

No reasonable, convincing counterarguments are heard over blatant insinuations or discerned in the midst of alleged affairs that are being blown out of proportion.

Any pretext will do to hit at the Armed Forces, to destroy moral and command authorities, to cause a rift among the cadres, depriving them of the pride of belonging to the huge family of defenders of the homeland.

Why is this so? In whose interests does this lie? Every soldier asks himself this and numerous other questions.

The political elites which are facing still unsolved social and economic problems as well as those pertaining to the system are putting off defense for the forseeable future. They are forgetting, however, that we did not receive independence as a gift from anyone.

This soil, our Polish soil can be safe and happy only if the nation can create a strong state and defend it....

On this special day let me express my wish as a soldier that intentions and declarations on state defense will be implemented as fully as possible, so that the concern for the state's defense system, for its Armed Forces are not marginalized or superseded by other needs that come to the fore.

I wish to turn to all my colleagues in arms: generals and admirals, officers, warrant officers, cadets, and the youngest soldiers who recently donned uniforms with

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my most cordial greetings and wishes: May you live in good health and may you be happy in your personal life and in your everyday service for Poland.

I also wish to greet most cordially veterans from all fronts of the battle for the independence of our Homeland.

I wish to thank the civilian employees of the Armed Forces who have contributed to our combatreadiness.

I wish to greet the families of all our soldiers.

I wish to extend special greetings from all soldiers within the Armed Forces to our superiors—the top authorities of the Republic of Poland: the President, the Speakers [of the Sejm and Senate], and the Prime Minister wishing them success in the difficult undertaking of modernizing the state.

I wish to thank all the defendants of our Homeland for their intensive everyday service, for their devotion and their work, for their dedication and compassion for security issues. I wish everyone satisfaction derived from military service and everlasting soldier's luck.

Praise to our homeland.

Development of Trade With Croatia Reviewed

WS1608144295 Warsaw GAZETA WYBORCZA in Polish 12-13 Aug 95 p 18

[Article by Jacek Pawlicki: "The Croatian War and Polish Trade—Tempting Ties"]

[FBIS Translated Text] *The Polish trade counsel in Zagreb is doing everything "to not deter Polish companies" from operating in Croatia. Meanwhile, the Croats are convinced that after capturing Krajina mutual trade will flourish and the business climate will considerably improve.*

Despite the uncertain situation in Croatia, next month a few of our companies next month are going to attend the "Polish Days" in Koprivnica located on the Hungarian border. Other companies interested in the local market everyday call the Polish Embassy in Zagreb and the Croatian one in Warsaw asking: Is it already quiet?

"Quiet? It is enough to look at the map. Zagreb and Split were within the reach of Serb artillery as recently as May, but currently they are not," Maja Plancic from the Croatian Embassy assures. "Everything will proceed normally from now on; Split will again become a part of Croatia. The Serbs will no longer hamper road traffic with Dalmatia."

The Croats expect that World Bank loans will help them reconstruct the infrastructure and industry in Krajina. They will then announce tenders for carrying out certain ventures. They will count on the participation of Polish companies.

Under the Aegis of Vegeta

The "Polish Days" in Croatia are being organized jointly by our Office of Trade Counsel and the Croatian Podravka food concern, well known for producing Vegeta seasoning. Since exports of Vegeta to Poland amounted to several million dollars in the first six months this year (which accounts for half of the total Croatian exports), Podravka is intent on "attracting" as many Polish companies as possible.

It is already known that representatives of Ciech, Centrozap, Textilimpex-Surmaco, Stalowa Wola steel mill, Pol-Mot Trading, and Polexpo-Exhibitions will attend the Polish-Croatian business forum on 13 September. These companies will also participate in the Zagreb Fair, the largest fair in Croatia.

A Plus Despite Anxiety

"We are working hard to not deter our companies. Everybody knows, however, that war does not contribute to enlivening contacts," says Polish trade counsel in Zagreb Boleslaw Krawchyk. He emphasizes that no "company that suffered damage" has applied to his office. According to him, trade statistics will reflect possible consequences of the warfare as late as September or October.

Thus far trade is developing well. In the first six months of this year Polish exports to Croatia amounted to $24 million, and increased by 66.5 percent compared with last year. During the same period of time, we imported goods totalling $23 million from Croatia (a 13.4-percent increase). We secured a positive trade balance for the first time after a few years—$1.6 million. For comparison, in the first six months of 1994, we had a negative trade balance amounting to $5.4 million.

Locomotives of Success

Specialists emphasize that many joint ventures are paralyzed by fear of the unstable situation in Croatia.

More and more companies are deciding to establish contacts, however, scenting quite good business. A contract between the Polish State Railroads [PKP] and the Croatian railroads, concluded immediately after the May missile attack on Zagreb, may serve as an example of a positive "breaking of the ice." PKP, through the brokerage of its Ferrpol company, leased the Croats three locomotives worth three billion old zlotys each for a few months.

The freight locomotives are operating in the Rijeka region, and are insured in the Warta company. According

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to the trade counsel in Zagreb, PKP has already earned about $1.5 million dollars on various "railroad services" in Croatia.

The shipbuilding, light, pharmaceutical, metallurgical, and machine-building industries, as well as producers of machine tools are those which are counting most on the development of trade ties with Croatia.

Such companies as Textilimpex, Ciech, Inter-Vis, and the Dembica tire company each secured an increase in exports worth hundreds of thousands of dollars last year. The local market was seriously gauged by Elektrim, FSO, Kolmex, Stalexport, and Agroma Krakow.

Some of our companies such as Textilimpex or Stalexport are thinking of opening offices in Zagreb. So far two Polish-Croatian joint ventures are operating there—Amar-Zg dealing with imports and exports of spare parts for machines, and the multibranched Tomex.

Brain Drain From Science, Universities Analyzed

WS1608122995 Warsaw POLSKA ZBROJNA in Polish 11 August 95 p 3

[Article by Henryk Kawka: "The 'Brain Drain' From Poland"]

[FBIS Translated Text] *Free transfer of workers is one of the most essential EU principles. The European agreement on Poland joining the European communities creates limited possibilities for the Polish labor force to enter the EU. Rules are rules, however, and life is a different kettle of fish.*

The European Institute for Regional and Local Development in Warsaw has published extremely interesting research entitled "The Brain Drain From Science and Universities in Poland, 1992-1993." One will have to wait for the 1994-95 data.

It appears that 3,192 science workers emigrated from Poland in 1981-93, including 436 in 1992-93.

Until the major change of regime, primarily political reasons prompted emigration. Later, science emigrants were attracted to Western countries in Europe, the U.S. and Canada almost exclusively by higher salaries, better working conditions, general stabilization, and greater possibilities to educate children at the best universities.

Who Is Leaving?

The number of Polish scientists leaving for permanent residence not only did not decrease but even slightly increased in 1992-93 compared to 1989-91. Possibly, the same phenomenon occurred in 1994-95.

Usually, emigrants who leave are biologists, mathematicians, computer scientists, physicists, and chemists. What is most interesting, almost 100 percent of our scientists find employment in their professions, despite the aforementioned limitations in hiring Polish workers in the EU.

The employers, as it is shown, value knowledge more than the requirements to observe the law.

A legitimate question arises: Does this "brain drain" affect Polish science and our economy?

In 1994 Poland had about 63,000 science workers, so the number of emigrants does not appear too disquieting, but....

Still, educating these emigrants is expensive, and the intellectual losses are difficult to assess, because those who leave and find employment abroad are usually excellent specialists. Even UNESCO points to the fact that an entity has not only rights but also obligations to its own society. But how to combine the right to freely change one's place of work and residence with the obligation to one's country?

More Menacing Emigration

UNESCO advises regulating labor emigration in a scientific way. Unfortunately, it does not expand on the term "in a scientific way." More pragmatic specialists propose a gradual equaling out of Poland's salaries to the salary level of highly developed countries, as well as regulating losses by taking in emigrants from other countries.

The publication emphasizes that the cadre losses in science and universities in Poland result more from the internal emigration (leaving universities for enterprises) than by the external brain drain. Again, one encounters here the problem of salaries and wages which is difficult to solve.

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Alleged PDSR Role in Embargo Violation

95P20974A Bucharest ROMANIA LIBERA in Romanian 26 Jul 95 p 1

[Article by Petre Mihai Bacanu: "Vacaroiu's Tanks"]

[FBIS Translated Text] The expansion of gasoline smuggling activity at the border makes us realize that the measures established by the government for the application of the United Nations resolutions on the oil embargo [against the former Yugoslavia] are only for the purpose of deceiving the U.N. inspectors.

Traffickers are allowed to transport gasoline in containers through Clisura Dunarii if they pay 15 percent [in fees] to the PDSR [Social Democracy Party of Romania]. A liter of gasoline purchased in Romania for 600 lei is sold for 2.5 or 3 marks on the other side of the Danube. When they return, the traffickers give 15 percent of this amount to the PDSR. The Caras-Severin branch of the PDSR has people at each border crossing point.

We know the explanations of the authorities of the Romanian state: nothing can be done about the aggressiveness of the traffickers, who have "Johnson" engines and boats and, also, if the government really wants to comply with the embargo it cannot send speedboats or even torpedo boats to "work magic" in the area where the smugglers are operating.

That's how it was before we discovered that the trafficking in the fuel takes place with the use of the tanks of Prime Minister Vacaroiu and with his knowledge. We were looking for the traffickers' containers and Mr. Vacaroiu was arranging traffic with tanks...

Here are the actual dates, which we have discovered with certainty, on which Yugoslav tank trucks crossed the border secretly and were loaded at F. E. Dobreta Turnu Severin: 5 January 1994 (tank truck BO-411-57), 6 January 1994 (BO-411-57), 7 March 1994 (BO-15-95), 8 March 1994 (BO-454-51), 9 March 1994 (BO-454-51), 14 March 1994 (BO-454-51). It is interesting that the tank trucks do not pass through the border crossing point but through the Iron Gates II dam, that is, through a construction site where there is no customs station but where border guards would have to be informed. We know the names of two of the tank truck drivers, Jovan Monovic and Rade Mitic, and the numbers of two of the transit documents, "0002318" and "0004394." The symbol "BO" indicates the city of Bor.

In January 1994, 120 tons of fuel oil were "delivered." Some 45 tons were delivered in February 1994, 240 tons in March 1994, 500 tons in January 1995, 250 tons in April 1995, and 200 tons in May 1995. Some 500 tons of diesel oil can be added to these figures for 1995.

The chief of the Drobeta Turnu Severin thermoelectric power plant thought, at one time, that it was a mistake for the operations with the fuels to be carried out with the help of an electric power plant that already has a lot of problems with supplying, but it was explained to him that the top people in Bucharest gave the order. He asked for something in writing. "Isn't the prime minister's 'word' enough," he was told.

Government controls at the border are nothing but a horrible farce if seven million liters of diesel oil and gasoline cross the border each month in this area alone.

I had heard of trains carrying oil which crossed the border with the approval of the government and I said that this is not possible. Now I think that it is.

The government is not only closing its eyes to the illegalities but it is even sponsoring them.

We can conclude that trafficking in fuel by means of tank trucks can be considered to be the greatest achievement of the Vacaroiu government.

Ethnic Minority Leaders Comment on Education Bill

AU1708061595 Bucharest AZI in Romanian 5 Aug 95 p 5

[Group of statements by ethnic minority leaders: "The Education Bill as Seen by the Ethnic Minorities"]

[FBIS Translated Excerpt]

Gheorghe Raducanu, of the Romanies Party

"The Education Bill, both in its draft form and in the form in which it was passed, is a good law for us. Currently our ethnic minority is not able to make use of all the liberties granted to it by this law, and, therefore, it would be absurd for us to claim further rights. I do not wish to comment on the demands of the UDMR [Democratic Union of Hungarians in Romania], but as far as we are concerned, one could say at this time that we are not apt to demand more than is stipulated by this law. I wish that in 15 to 20 years we could have our own teaching staff and a sufficiently stable economic base so we could organize education in our own mother tongue. This could happen sooner if the Romanian state would financially support us. Although this right is stipulated by the current law, we are unable to establish such education on a very large scale." [passage omitted]

Martin Bottesch, of the Democratic Forum of Germans in Romania

"The Democratic Forum of Germans in Romania [FDGR] is not satisfied with the Education Law,

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particularly due to the provision stipulating that the admittance examinations to universities should be held (with very few exceptions) in the Romanian language. Let me quote from a letter sent on 29 July 1995 by the FDGR chairman to Romania's president: 'If it is true that the admittance examinations to the universities cannot be held in the minorities' mother tongues any more (in the language in which the examination candidates studied their respective subjects at their high schools,) one can already foresee that, for instance, the German high schools, which have been in great demand also among Romanian pupils, will gradually be deserted, because no one will want to risk disadvantaging one's children with the university admittance examinations. Such kind of disadvantaging, also stipulated law, does not correspond to the traditions of this country.'" [passage omitted]

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Serbia

Milosevic-Holbrooke Talks on Peace Plan Begin

LD1708110295 Belgrade TANJUG Domestic Service in Serbo-Croatian 1043 GMT 17 Aug 95

[FBIS Translated Text] Belgrade, 17 Aug (TANJUG)—Serbian President Slobodan Milosevic received in Belgrade today U.S. Assistant Secretary of State Richard Holbrooke who is touring former Yugoslavia at the head of a U.S. delegation.

Their talks are focused on a U.S. plan for the resolution of the crisis on the territory of former Yugoslavia, particularly a U.S. plan for the future division of Bosnia.

The U.S. delegation also includes Robert Frasure, Clinton's special envoy to the contact group.

The talks are also attended by new Yugoslav Foreign Minister Milan Milutinovic.

Personalities, Methods of Serbian Secret Police

95BA0306A Belgrade SRPSKA REC in Serbo-Croatian 4 Jul 95 pp 42-43

[Article by Milovan Brkic: "Policeman Rade Markovic and General Dragoljub Ojdanic Are Milosevic's New Executors: Thugs Again in Palace's Grace"]

[FBIS Translated Text] *"In a report that they presented to the office of Minister Zoran Sokolovic, detectives from the Internal Affairs Division of the Serbian MUP [Ministry of Internal Affairs] concluded that the secretary of the Belgrade SUP [Secretariat for Internal Affairs], Rade Markovic, is engaged in a so-called racket...."*

They say that one should not talk about rope in the house of a hanged man.

The victims of Radomir-Rade Markovic, former chief of the Belgrade SUP, do not even want to hear his name, much less recall their unpleasant experiences with his thugs.

Mr. Markovic's resume is impressive, and includes a great deal of success during the communist era.

Mr. Markovic began as a policeman, after which he proved himself as a police detective. He studied law, but barely completed the first two years. Naturally, that did not matter to him. In those days, the surname Markovic was universally respected and opened many doors. The beginning of the "antibureaucratic revolution" found Mr. Markovic in the post of head of the Business Regulation Division (Ninth Division) of the Belgrade SUP's Anticrime Office. During that period, Mr. Rade Markovic began to hang around Milosevic's family, to serve as driver and "bodyguard" for his daughter Marija, and even to look out for Malisa (Marko).

Under Mr. Markovic's leadership, the Business Regulation Division too suffered some losses in personnel; some policemen were even injured, and in order to avoid a blemish on his resume, he was transferred to the post of commander of the police station at the airport in Surcin.

Strengthening his ties to the president's family, Mr. Markovic, with no significant experience, was suddenly appointed head of the Anticrime Office of the Belgrade SUP, and then the top man in the Belgrade police.

So-Called Racket

After taking over the Anticrime Office, Mr. Markovic began pursuing organized racketeering of the citizenry. Utilizing his connections with the underworld, Markovic organized "offers of protection" to owners of bars, shops, department stores, and petroleum dealers. Especially important to him were financial ties with the owner of the ABC business group, Radisav Rodic.

Detectives from the Belgrade SUP's Anticrime Office regularly did work for their chief.

Especially praiseworthy in this regard was the loyalty of Miloslav Andjic, the head of the Public Order and Peace Division, and Dragoslav Kolavcic, a detective from the First Division (the division for economic crime). Detectives under chief Miloslav Andjic tracked the activities of Markovic's racketeers, while detective Kolavcic "kept an eye on" businessmen.

When Mr. Markovic was relieved of his duties as head of the Belgrade SUP, after which Andjic too was transferred to a job in Prokuplje, one thing that was found in Andjic's official safe was confirmation that he had given a stolen pistol to the head of the SUP, Radomir Markovic, "as a sign of gratitude for his help in the work of this division"!

On 5 October 1992, the BINA press agency reported [passage indistinct], in a report that they presented to the cabinet of Minister Zoran Sokolovic, detectives from the Internal Affairs Division of the Serbian MUP concluded that the secretary of the Belgrade SUP, Rade Markovic, was engaged in a so-called racket.... That same day, this sensational report (because such reports on key police officials have not been made public for the last 10 years) was broadcast on the Studio B news show, and on 6 October it was carried by VECERNJE NOVOSTI and BORBA as well.

In a public statement several days later, the Serbian Ministry of Internal Affairs declared adamantly that "the Serbian MUP has no proof that Mr. Rade Markovic is engaged in racketeering against the citizens or in other criminal activities." The wording of the Serbian

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MUP's statement indicated that the highest-ranking MUP officials were unwilling to stand behind Markovic and his activities.

After this report was published, Markovic sent his stable boy, detective Dragoslav Kolavcic, to "look into the matter" and to visit all the editors and their offices in order to "determine their sources of information."

This scandal was not enough to remove Radomir Markovic from the post of chief of the Belgrade police. Mr. Markovic's standing in the eyes of President Milosevic, and his wife, Mirjana, only grew. "I procure cars for Malisa, and young p...," Mr. Markovic often boasted. Meanwhile, the "racketeering" continued. During his reign over the Belgrade police, Mr. Markovic left behind many murders that he personally hushed up.

Even when top officials with the Serbian MUP determined that Mr. Markovic had given a large number of government apartments as gifts to his relatives and friends, there was not "adequate pretext" for his dismissal.

The arrogant Rade Markovic also demonstrated his "devotion" to the family on 1 June 1993 when, after a demonstration in front of the Federal Assembly, units under the command of Rade Markovic went to the offices of the Serbian Renewal Movement [SPO] and brutally arrested SPO parliamentary deputies, the leader of that party, Vuk Draskovic, his wife Danica, and activists with that party. The public already knows that at the police station after her arrest, Mrs. Danica Draskovic appealed to Radomir Markovic for help, to protect her from abuse at the hands of his special and incited police officers, but that the chief, instead of helping her, slapped her twice. Even given the shameful history of the Serbian police, it is hard to find an example of a chief of police slapping a woman involved in politics.

Later, at the Palace, when Mr. Markovic reported to his president about this "exploit," the president delighted in it like a young boy: "Hey, tell that to Mirjana too, she'll die laughing. Tell her all the details...."

Serbian public reaction to reports of the slapping was pained, and the world too was astounded. In meetings that followed, many people from elsewhere reproached the president for the slap.

Confronted with major pressure about how he was protecting thugs and racketeers, the president in mid-August 1993 allowed Radomir Markovic to be moved from the post of top man with the Belgrade police. This was followed by an official statement announcing to the public that Mr. Markovic had been transferred to a new position—assistant minister of internal affairs of Serbia.

Ties to China

In a post where he had no authorities, and not even an office, a secretary, an official car, or a driver, Markovic waited for better days, for his next "five minutes."

Recently, Mr. Markovic has been back in the center of attention. The president has already decided to appoint Radomir Markovic head of the Department of State Security of the Serbian MUP. The Disinformation Division of that service has been ordered to "check out the reaction of public opinion" to reports of plans to replace Jovica Stanisic with Radomir Markovic.

Anticipating even worse days ahead for his reign, the president decided to [passage indistinct] his strong hand. It is already obvious that the Serbian State Security Service [SDB] under Stanisic "has not lived up to the president's expectations." Sources close to the Palace allege that he has not proven diligent in combating "internal enemies."

By appointing Mr. Markovic head of the SDB, the president will gain an executor who, with the help of the secret service, will silence every voice in Serbia opposed to the inaudible voice of the president! Today, the Serbian police has 147,000 "people under arms"! Together with the irreplaceable Radovan Stojcic, a thug, war criminal, and thief, Mr. Markovic is the new mainstay of the Milosevic-Markovic family.

The days of Jovica Stanisic as chief are numbered, and his new designated role is that of peacemaker. The president has decided to gamble on "strong ties to China." In recent days, following the "tour" of China by academician Mirjana Markovic, the Chinese minister of internal affairs and the chiefs of state and military security visited Serbia, where they met with the president, with Stanisic, and with the head of the Office for Security, General Dimitrijevic. The president has to a large extent succeeded in transferring money from Cyprus to Portugal and China. Today, while still under sanctions, Serbia is effecting a good share of its foreign payments by way of China. Our secret services have already moved the majority of the compromising documents about their activities and about the activities of state institutions to China "for safekeeping." The Serbian president is gambling on the existing "evasion" in present-day U.S. and Chinese policy and he expects that China, both on the UN Security Council and in economic affairs, will offer him critical support: in the first case, by vetoing any new resolutions, and in the second case, as an entry point, through Serbia, to the European market.

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In implementing this plan, the current chief of staff of the Armed Forces of Yugoslavia, Lieutenant General Momcilo Perisic, is "standing in the president's way."

There is no doubt that the president has succeeded in routing the armed forces, in marginalizing their role, and thus in reducing the possibility that he will be toppled by a military coup.

The current minister of defense, Pavle Bulatovic, has not managed to finish off the Yugoslav military. While the corrupt former chief of staff General Zivota Panic humbly allowed Milosevic to pick off officers in the general staff, Gen. Perisic has managed to consolidate the Army somewhat and to reorganize it. For lack of the means to maintain military equipment, Gen. Perisic has taken advantage of assistance from traditional military allies, and in this way the Yugoslav military has maintained military readiness.

Not Interested in Peace

For several months now, the president's staff has tried to compromise Gen. Perisic, a task assigned to Jovica Stanisic. His people are trying in the Russian Embassy to spread the report that Gen. Perisic has received money from the CIA and that he is an agent for them! Despite these strong efforts, Moscow has not been taken in by this provocation. However, the president has not abandoned his intention to have Gen. Perisic removed from the post of chief of staff of the Armed Forces of Yugoslavia. Two weeks ago, several officers were promoted by decree from Federal President Mr. Zoran Lilic. Among them was General Dragoljub Ojdanic, who in early October will be appointed chief of staff. He will bring with him his deputies, who were also recently promoted to higher ranks for this purpose.

During the most intense fighting, Gen. Ojdanic was the leader of the Uzice Corps. Under his orders, from the Ponikve airport, air squadrons strafed the civilian population all over Bosnia, and cities in that republic were shelled from the Drina. Gen. Ojdanic is a secret member of the JUL [Yugoslav United Left], openly supports the policy of academician Mirjana Markovic, advocates an "ethnically pure military," and favors a strong hand and full support for President Milosevic.

The report that Ojdanic will take over the general staff has frightened the command staff cadre in the Army. Gen. Ojdanic is already drawing up the schedule in the general staff, and he is negotiating with his officers concerning their appointments.

The campaign against Gen. Momcilo Perisic, through the public media, which are controlled by the regime, will begin in early September, but Jovica Stanisic and his service have already launched a "program to destabilize the general." They are preparing a "documentary" on the bombing of Mostar by Gen. Perisic....

Immediately after summer vacation, Serbia will gain a chief of the secret police whose name is Radomir Markovic and who has proven to be a ruffian, a racketeer, and a criminal, thoroughly loyal to the policy of the president and his wife and of the chief of staff of the Armed Forces of Yugoslavia, Gen. Ojdanic, a member of the JUL, and thus of the religious ideal of the Russian academician and friend of China Mirjana Markovic. These appointments confirm the president's resolve to consolidate power and to rule Serbia through fear and the nightstick. Slobodan Milosevic does not want to give freedom to his hungry subjects, in a state that his regime has completely plundered; he wants to give them the nightstick. It is no wonder that he is appointing his proven thugs to key posts in the police and Army. That is abundantly clear, except to the leaders of the Serbian opposition, who contend that the president, supposedly, wants peace! By refusing to recognize Bosnia-Herzegovina, by mobilizing the Krajinans, by sending weaponry and military equipment to Krajina, the president is openly demonstrating that he is not interested in peace....

P.S. The author of this article owes an explanation to his readers. In his articles that have been published recently in SRPSKA REC, his writing has been "cleaned up," in such a way that the words "tyrant," "dictator," and so on have been omitted from references to S. Milosevic. This is probably because the SPO, through its emissary, Milan Bozic, is negotiating with the president and his wife about SPO participation in a "coalition government." I apologize to the readers. This was not my intention, but I must go along with the "cleanup."

Editor's note: As a sign of atonement, this article was not cleaned up.

Serb Officials Outline Plans for Refugee Crisis

AU1608202895 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 16 Aug 95

[Interview with Serbian Refugee Commissioner Bratislava Morina and Serbian Health Minister Leposava Milicevic by Radio Novi Sad correspondent Zarko Simovic; place and date not given—recorded]

[FBIS Translated Text] [Simovic] Mrs. Morina, could you tell Radio Novi Sad listeners how many refugees have crossed into the FRY and Serbia from the Republic of Serb Krajina?

[Morina] Our information indicates that some 150,000 refugees from the Serb Krajina had crossed into the FRY by 0700 [0500 GMT] this morning. Since these columns

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are now travelling at a very slow pace—they have cattle with them and most of the vehicles are horse carts, tractors, and a lot of people are walking—we believe that these drawn-out columns contain another 50,000 refugees. According to the information that has been collected so far, the Refugee Commission has calculated that some 200,000, and perhaps more, refugees will cross into the FRY. We must take into account that there are still some people who are encircled, who have not yet left Serb Krajina territory—you must take into account the 10,000 whose fate is unknown—therefore, once we count all these unfortunate souls, we can reckon with some 200,000 to 250,000 new refugees on top of the 500,000 refugees who are already in the Republic of Serbia.

[Simovic] Could you tell us whether permanent accommodation has been secured for any of the refugees who have already arrived in Serbia?

[Morina] We are not involved in this kind of activity for the time being; this will be our priority task once all of them have been accommodated, after they have all received initial humanitarian aid, accommodation, [words indistinct]. This is actually the initial work, and later, together with county heads and Serbian Government ministries [changes thought] a long-term and very difficult task is awaiting us.

[Simovic] Leposava Milicevic, health minister in the Serbian Government, heads a team of Serbian medical crews that have been taking care of the unfortunate people expelled from the Republic of Serb Krajina. Mrs. Milicevic, can you tell us briefly what you have done so far [words indistinct]?

[Milicevic] We have so far done everything that we thought would alleviate this general misfortune. Our medical crews were on the road from Prijedor to our border for as long as it was necessary; they returned two days ago. Surgical teams have been dispatched to help the larger medical centers in the Serb Republic [Serb-held entity in Bosnia-Herzegovina]. You have had a chance to see that our crews were present everywhere on this side, at the border crossings and in the reception centers. Yesterday, a team working at the Simunovci border crossing, established a field hospital—20 beds for female patients and 20 beds for male patients—on the suggestion of the Belgrade city secretariat and with our agreement and support; it is our intention to rehydrate, refresh, and extend better medical protection to those who are simply exhausted rather than ill, so that they can continue to their destinations.

$200 Million Needed Annually

LD1708135695 Belgrade TANJUG in English 1346 GMT 17 Aug 95

["Pool" item]

[FBIS Transcribed Text] Belgrade, Aug. 17 (TANJUG)—An annual 200 million dollars is needed to secure minimum sustenance level for about 200,000 Krajina refugees who have come to Yugoslavia, assistant director of the Serbian Institute for Development Branko Hinic said Thursday.

He said that the amount accounted for 3.6 percent of the estimated Yugoslav national product.

Serbia has already given shelter to about 500,000 refugees who fled the war-torn regions of the former Yugoslavia since mid-1991, when the conflict started.

Although important for the initial assistance of refugees, the so far received international aid is still far from what is needed, Hinic said.

Much more than 200 million dollars will obviously be needed to assist them, which would be too much of a burden even for countries that are economically stronger than Yugoslavia, Hinic said.

The sanctions, which the U.N. Security Council imposed on Yugoslavia in may 1992 because of the country's alleged involvement in the war in Bosnia-Herzegovina, represent a big obstacle to economic activities and the support of refugees.

Daily Reports 'Harassment' of Ethnic Croats

AU1708131195 Belgrade NASA BORBA in Serbo-Croatian 16 Aug 95 p 13

[Article by D.S.: "Watch in Front of 'Questionable' Houses"]

[FBIS Translated Text] The harassment, threats, and demands for about 200 ethnic Croat families to move from the Zemun village of Surcin that started last Friday [11 August] have continued this week as well, NASA BORBA has learned from reliable sources that wished to remain anonymous.

In order to maintain peace, several families have taken refugees from Knin and nearby places because, as we were told, they were exposed to great pressure.

Although this "operation of warnings and harassment" has been going on for days, our source points out that not a single Croat family has moved out of Surcin. "So far, nobody has been harmed thanks to the protection the militia provided for us, but I must say that people are very afraid as there have been cases of weapons

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being raised, knives put at people's throats, and Croatian houses being marked with the family names of the people who would move in there," one of NASA BORBA's sources says.

According to our information, "unknown people about whom it is still not known whether they are really refugees" even barged into the houses of well-off Serbian families giving as their reasons the help given to Croats or the holding of birthday parties on the day Knin fell.

"Judging from the behavior of these groups, there are many people who had emigrated two or three years ago and are now grabbing the opportunity to settle permanently. The 'hunt' is mostly carried out in better-off households" our source told us.

Watches in front of the houses of ethnic Croat citizens of Surcin went on yesterday as well. "So far, our neighbors have mostly protected us, but it is painful to know that some of them reported us. Some neighbors were offered as much as 1,000 German marks for the addresses of their Croat neighbors," one of our sources said.

Montenegro

Demand for Clarity on 'Forcible Mobilization'

LD1608161095 Belgrade SRNA in Serbo-Croatian 1505 GMT 16 Aug 95

[FBIS Translated Excerpt] Podgorica, 16 Aug (SRNA-BETA)—The Liberal Alliance of Montenegro [LSCG] demanded today that the Montenegrin authorities "should unambiguously define their view" on "the forcible mobilization" allegedly being carried out in Montenegro and on "controversial" information about the security situation in the Herzeg-Novi area, MONTENA-FAX reports. [passage omitted]

The LSCG fears that "the latest forcible mobilization is being called with the intention of drawing Montenegro again into yet another war gamble, this time into involvement in the current Croat-Serb conflict in the Dubrovnik-Trebinje theater."

Kosovo

Only 1 Percent of Krajina Refugees in Kosovo

LD1608182895 Belgrade TANJUG Domestic Service in Serbo-Croatian 1654 GMT 16 Aug 95

[FBIS Translated Excerpt] Pristina, 16 Aug (TANJUG)—So far 1,536 refugees from the republic of Serb Krajina have arrived in Kosovo-Metohija, which is only one percent of the total number of refugees, Milos Nesovic, deputy head of Kosovo district and chairman of the provincial commission for the reception of refugees, told journalists on Wednesday.

At a news conference in Pristina, Nesovic said that, therefore, the statements by some leaders of ethnic Albanian political parties that this is a case of a fresh colonization of Kosovo-Metohija and that the arrival of the Serb refugees will provoke tension in this province, were malicious. [passage omitted]

Nesovic added that in Kosovo at least 5,000 hectares of socially owned land is uncultivated, and he referred to the possibility that this underexploited land might be set aside for cultivation by the refugees. After their talks in the Kosovo district, the group of journalists visited a refugee centre in Gnjilane.

Refugees in Kragujevac Resist Relocation Plans

AU1708120395 Belgrade NASA BORBA in Serbo-Croatian 16 Aug 95 p 4

[Article by Z.R.: "Refugees Refuse To Go to Kosovo"]

[FBIS Translated Text] Kragujevac—According to unofficial but reliable information, an incident occurred at Kragujevac railroad station the night before last when those in charge of receiving and accommodating refugees wanted a group of Krajina refugees to board a train that, as they correctly suspected, was supposed to take them to Kosovo.

Because the refugees resisted this government plan adamantly and because some of them, as we have learned, laid on the railroad tracks in front of the engine, members of the Ministry of Internal Affairs and the first aid medical staff had to intervene.

At the Kragujevac refugee headquarters, they would only tell NASA BORBA that they knew about this incident. They sent us to the Ministry of Internal Affairs for further details; however, the chiefs there would not release any information to the public without the approval of the incumbent bodies in Belgrade.

By yesterday, 1,260 refugees had officially arrived in Kragujevac. It is anticipated that another 600 unregistered Knin homeless have found shelter with their relatives and friends here. Until yesterday 3,325 refugees had found accommodation in seven municipalities of Sumadija.

Majority Resume Journey

LD1608185795 Belgrade SRNA in Serbo-Croatian 1830 GMT 16 Aug 95

[FBIS Translated Excerpt] Belgrade, 16 Aug (SRNA-BETA)—The majority of about 800 Serb refugees from Krajina, who had refused to be transferred to Kosovo and remained at the Kusadak railway station near Smederevska Palanka for two days, were transferred to

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Kragujevac from where they continued their journey to Kosovo, the Kragujevac refugee headquarters reported today.

According to sources in Smederevska Palanka, about 40 refugees stayed with their relatives and local residents there, while the others were taken to Kragujevac by train this morning. [passage omitted]

'Paramilitary Forces' Allegedly Among Refugees

AU1708084195 Pristina KOSOVA DAILY REPORT in English 16 Aug 95

[FBIS Transcribed Text] The Serbian Renewal Party, one of the largest opposition parties in Serbia, considers that the U.S. Government statement of concern over the resettlement of the Serbian refugees from Croatia to Kosova, "does not contribute to the settlement of refugee crisis." This party, akin the Serbian current regime, would only prefer U.S. humanitarian aid for the Serb refugees. They denounce "the politic dressing given to the tragedy of hundreds of thousands of Serb refugees." According to this party leadership, Serbia reserved the right to lodge the refugees "anywhere in Serbia's territory."

The Serbian opposition, including the Serbian Renewal Party, has always supported the current regime when the question of Kosova was brought up. They proposed some of the worst discriminatory laws against Albanians in the Serbian Parliament, which were approved unanimously. Settlement of the Serbian refugees in Kosova by the Belgrade regime has a twofold intent: it encourages the project for the colonization of Kosova and its Serbianization, something which has been supported by the Serbian opposition too, and, on the other side, the current regime plays on the "humanitarian" card in order to soothe people's sentiments over the fall of so-called Republic of Krajina.

Milosevic, by settling Serb refugees in Kosova—a country where the ethnic tensions have increased enormously—is playing a very dangerous game. Further development in the region cannot be predicted. There are good chances that an armed conflict could blast anytime. Among the Serb refugees brought to Kosova over the last week there are not only "women and children" as the Serbian media reports, but, there are also Serbian paramilitary forces. They haven't taken off their uniforms yet. The settlement of the Serb refugees to Kosova has nothing to do with easing the humanitarian catastrophe. They are being lodged in student dormitories, schools, and other educational premises denied to the Albanian kids for the last five years. They are also being lodged in hotels, motels, medical rehabilitating centers, and other locations, places where Albanians used to work but are denied access since they were fired. The Serbian regime anticipates to grant the Serb refugees plots of land, which to date was in possession of agriculture cooperatives in Kosova. Both Milosevic, as well as Serbian opposition, by trying to gain political rating, are manipulating with a humanitarian right. They are cynically manipulation with the misfortune of their own people. Their attempts will not settle the Kosova question, but, will open another conflict, this time a bigger one.

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